I. MARKETING CONDITIONS

V.S. Ultra Lights

A total of 32 Direct Accounts were allocated product for this introduction. Results show 30 accounts (94% of total) have accepted the product. Hold-outs were the Rowe Vending Company and A.E. Mancini. Allocations for these accounts have been redistributed to maximize section results. Concerning chain accounts, results thus far have not been as successful. Analysis of the S.A.M. and Area Managers accounts (One's they can control) show 27 out of 39 (70%) accounts have accepted the brand.

One main problem has been the inability to obtain appointments due to vacation schedules.

Thus far, distribution at the retail level has been excellent with 85% throughout the section. Two for one promotions has had a significant impact in gaining distribution, especially in our inner-city territories.

In an attempt to accelerate availability and trial on this brand, we have redirected 2 for 1 product in vacant assignments to wholesalers that have control of several chain accounts. They will be shipping product directly to their accounts and Reps have been instructed when display placements should be made

Initial trial on the brand appears to be coming from the V.S. Light Smokers. However, I believe we have retarded trial on Capri with these new packings.

B&H Lights Box

Pre-booking on the brand is moving along smoothly and all Division meetings for the introduction have been scheduled for October 2nd.

Wholesale and Chain acceptance on this brand has been similar to that of V.S. Ultra Lights.

Several distributors have expressed concern over the duplication of the brand as well as close similarity in the packing design between the Lights and Ultra Lights.

PM/Industry

Year-to-date sales figures show the section to be down 4.5 through August. However, this is an improvement of .5% from July. In view of our new brand introductions and Inventory Maintenance program in September, I am optimistic that we will wind up the year at no more than 1% down from the previous year.

2043945216

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Inventory Maintenance Program

A meeting was conducted on 9/21/87 to review program details and develop presentation materials. Thus far, we have received excellent participation from accounts contacted. Overall, results will be reported once all presentations have been completed.

Marlboro Lights Box, 100's packings and Merit Ultra Lights continue to show excellent sales growth during the first 8 months of this year (7.5, 3.0 and 8.1 respectively). With our new Space Trek Program, additional emphasis will be placed on insuring adequate space is being provided for these growth brands.

Players 25's continues its sales growth with a 35% increase for the 8 month period. Obviously our 2 for 1 program, couponing effort and our 57% increase in B/V displays have all contributed to the additional growth.

At the request of John Boltz, two of our Supervisors (Bob Weisz and Al Ruscito) attended the MTA hearing in Mineola on September 17th with regard to the proposed regulation to ban smoking on all MTA trains. I am pleased to announce that the proposal was defeated. However, the issue of how many cars will be allocated to smokers is still being reviewed.

2043945217

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

II. COMPETITIVE ACTIVITY

AMERICAN

American has still continued to promote Lucky Strike Lights with two dollar off coupons attached to the cartons and two for one promotions in unlimited quantities.

Pall Mall Filters is still being promoted through the use of twenty pack displays two for one's (on carton coupons of 200 attached at factory). The BIGIF displays holds six cartons of total product and has a three dollar payment.

American's newest entry, Malibu, is being introduced at retail September 21st. Malibu is a premium priced cigarette which will be merchandised with three dollar off coupons attached to the cartons and BIGIF displays. The brand has packings which include 100's, 100's Menthol and 100's Lights.

American has also been soliciting space on carton fixtures as mentioned in last month's report. They are trying to buy space from "open" shelves not from competitive companies.

BROWN & WILLIAMSON

B&W's main concern has been the Capri brand, selling the brand via two for one's. The largest quantity has been seen is a forty unit display with a three dollar payment. B&W has copied our use of the floor base display when counter space is "tight" for the BIGIF's. Taking a survey of our retail accounts, Capri has distribution of 90-95% with some ordering in product before the Rep presents the brand. In some instances, the brand is doing very well. In others, the brand has been sitting in the displays. The brand is also being sampled at select high volume outlets, using professional models to sample the public. B&W is still selling in the Falcon on a limited basis where they do not have distribution as of yet. The outlets which have Falcon, report that the brand is not selling well.

LIGGETT & MYERS

Reps have been concentrating on Total, selling in the brand with the use of twenty-five cents off per pack. In conjunction with this, they have been trying to sell-in their four wide price value display. The success rate has not been good with Total or their price value display.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

LORILLARD

Newport has been the concentration this month, promoting with two for one's and on carton coupons save up to eight dollars, initial two dollars off and mail in for three two dollar off coupons).

The BIGIF display consists of Newport Lights, thirty unit displays with the payment being two dollars. The coupon offer is being merchandised two ways: One, there is a floor display containing forty five cartons of mixed product (dollar payment unavailable) and the second, using the cartons on the carton fixtures only. The use of the floor display has been limited.

True has also been merchandised this month, using set/sells and a two pack lighter offer.

Lorillard will be introducing their newest entry, Harley Davidson soon. Retailers are aware of the brand and cannot believe their using such a name.

lorillard also promoted Newport at Roosevelt Raceway on Long Island, using the theme of "Newport, a night at the races."

R.J. REYNOLDS

The introduction of Salem Lights 100's Custom Case Box is underway. Chains have been receiving the brand on an automatic shipment basis. There hasn't been much information about the brand at retail level.

Winston and Salem have been promoting the brand with the hand held can cooler (two pack purchase) as reported last month. The displays contain twenty and forty units with three and five dollar payments respectively.

Salem and Winston has a BIGIF offer with a 50 cents coupon. The displays contain all packings. At the present time, only high volume outlets have received the offer. Quantities have been of 100 units and in some instances, more than that.

Coupons have been on Century ($2.00), Winston and Salem ($2.00) and Doral when they coupon which seems to be infrequently ($1.00), all are on carton coupons merchandised on carton fixtures.

It should be mentioned that they are also setting up generic priced permanent displays to feature the new packings of the Doral family.

(Cont'd)

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Also reported by our Bronx Division Manager, Reynolds is replacing all their vans with full size LTD's. Sales Reps will no longer be carrying car stock but rather concentrating on the use of pre-books. Hand in hand with this change is the elimination of low volume accounts from their workload.

We have given some select accounts the option of placing RJR on the top two shelves of our fixtures. We are still waiting for feedback on thes proposals.

2043945220

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

III. TRADE CLASSES

Distributors

As previously mentioned, B&H Lights sell-in has been completed with excellent participation. Pre-booking activities on behalf of V.S. Ultra Lights, received greater acceptance and response from this trade class.

Our Area Managers did a fine job of following up with their accounts on behalf of our inventory Maintenance Program. Thus far, we have received excellent response from our major accounts with only a few of our smaller accounts not participating due to a lack of floor space or inadequate cash flow.

Price Club - Since it's opening in mid-July, this account continues to generate more and more interest and is starting to have some impact in the immediate market area. Presently, they are doing about $15,000 in cigarette sales per week with small retail outlets being their primary source.

Applications for direct buying has been completed for Our Tobacco and S&A Tobacco (both in the Bronx). However, based on volume and insignificant value to our sales efforts, I would recommend not approving these accounts.

Metro Distributors - We are working closely with the Chain Manager from Metro Distributors who is now servicing all concessions at LaGuardia Airport. We have been asked to work-up a presentation for both carton and pack merchandising programs. Information to follow on subsequent reports.

Supermarkets

Red Apple (Grestedes) - This account continues to have compliance problems and suffers from low volumes. In their city stores, they are in the process of converting to vending machines. It may be necessary to re-evaluate our Plan A contract and resign to an AL plan.

Dan's Supreme - Presently, we are awaiting logo for Marlboro baskets for all locations which have somehow been misplaced in shipping. We are in the process of trying to locate this shipment through our New York Headquarters.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Waldbaums - This account continues to be unreceptive to self-service carton merchandising and have taken the position of sit and wait to see what impact A&P will have on them.

King Kullen - This account continues to be very receptive to our sales and merchandising effort. Gene will be preparing a presentation for our carton merchandisers to be presented in the near future.

Convenience Stores

7-11 - We are presently awaiting personalized logos for the Marlboro Shopping baskets to be placed at this account. We recently have been asked by the District offices to evaluate several of their franchise stores for carton fixture placements. Details of results will follow on subsequent reports.

Gas Outlets

Northville - This account has recently purchased an additional 68 stores in Upstate New York. We are in the process of obtaining a store list with anticipation of receiving authorization for placement of various merchandising materials.

Drug Store

Rockbottom - Performed an audit with Al Ruscito on test store in Brooklyn. At the present time, we have 69 non-self-service rows which are 7 high (equivalent rows 96). Thus far, the test has been very successful and we scheduled an appointment in the near future to work out the logistics for their remaining stores. Information to follow on subsequent report.

Mass Merchandisers

Woolworth - S.A.M. Gene Ruggiero has made a presentation to this account for our Plan B displays, 400 stores. This account is very interested in thise type of merchandising display. However, our current units (overall sizes) do not fit their counter configurations or requirements. We are currently exploring the feasibility of developing a special display with the N.Y. Office that fits their needs. Results will be reported in future reports.

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2043945222

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

RETURNED GOODS SALVAGE PROGRAM

	#CARTONS HANDLED	#CARTONS SALVAGED
Sales Reps/Area Managers	-------	-------
Returned Goods Processors	7,814	203
TOTAL	7,814	203

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

IV. KEY ACCOUNT CONTACTS

Met Distributors

On 8/27/87 at the request of Paul Messina (Vice President) and Ron Koppel (Sales Manager), S.A.M. Gene Ruggiero and myself made a presentation to their Sales Management team from their 4 branches.

The following topics were discussed:

1. Cigarette Profitability
2. Product Availability
3. Merchandising

Overall, the response from the group was extremely positive and they were appreciative of the merchandising visuals that we provided them with. Our follow up plans are to schedule presentations at each branch office.

Met Distributor - Valley Stream Distr. - Waldbaums -	Purpose of my contact was on behalf of our B&H Light introduction which was accepted.

Richmond Wholesalers

Discussed the following topics:

1. Couponing for Players and Cambridge at his distributorship for distribution to the retail trade.

2. Providing this account with pack modules for new accounts.

Both topics were accepted and will be implemented immediately.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

V. MERCHANDISING PROGRAMS

Plan A

During this reporting period the total number of independent A's have decreased from 467 to 465 (August Report). The section's efforts to weed out habitual non/compliance accounts have been successfully completed and we are now anticipating additional plans, coinciding with Space Trek Program. Further analysis of independent plan A's reveal the section has 91.65% penetration of potential accounts in the categories 300 cpw and above. Total section rows have increased from 56,361 to 56,460 (+99) during this reporting period.

Space Trek Program

The move to eliminate new gaps and reduce O.O.S. on Marlboro was successfully launched at the Section meeting on 8/28/87 (see area # 10 for more in depth details of meeting). Analysis of our mission reveal the section needs 14,720 additional rows to achieve 100% of the objectives or 19,168 new rows for 110%. These objectives are definitely a challenge, considering our market is predominately packs, yet we feel they are realistic and obtainable.

Plan AM

Our plan AM could have a more significant impact on our results if the 299 cpw ceiling was removed. Considering our market, predominately pack, limited space in most retail accounts and the strength of the Marlboro brand, this Plan could be an excellent vehicle to gain additional inventory and useability in the section. Specifically this would allow us to explore the feasibility of self-service merchandising in higher volume accounts with limited space.

Carton Fixtures

Overall number of carton fixtures in the section decreased from 234 to 231 accounts. This decrease resulted from the loss of Series 2,000 racks at Pathmark. Information from specific Store Managers revealed they are currently re-evaluating their merchandising programs. We continue to make limited progress with the System 2,000 rack. During this reporting period, successful presentations were made to 3 accounts.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

B&M Series Displays

Consistent with previous reports, the section's total B/M Series penetration continue to decline. Total displays are now 2,071 versus 2,083 in July, down 12 displays. This declining trend has been prevalent since March. The situation has been reviewed with each Supervisor, instructing them to take a closer look and develop a plan of action to subside this decline. Since our market is predominately pack, the counter display is vital to our continuous success.

AV/AG

Due to the heavy emphasis placed on our price value brands over the last several months, overall distribution and depth of inventory have improved. Consequently our penetration of price value merchandising has grown as well. Significant growth, 19 new A/G A/V contracts, have been gained in the section for this reporting period. We will continue to take advantage of opportunities to further increase this important category in the overall merchandising strategy.

BV/BG

The most significant vehicle used to improve our distribution and depth of inventory for Players and Cambridge has been the BV display. A total of 73 new contracts were signed, bringing total displays to 814. This increase can be attributed to the availability of displays plus the numerous merchandising programs being featured on these brands. If this trend is to continue, additional allocation of displays must be made available. Currently the section has only 30 unused displays which will not be sufficient enough to meet our rate of growth.

On the contrary, BG's in the section continue to decline. DM's are reporting longevity and quality of this unit as the underlying cause. Specifically, retailers do not place important emphasis on the cardboard display, thus constant non/compliance problems exist. In spite of the decline of these displays, distribution and inventory on Marlboro 25's and Players 25's have remain steadfast.

Package Fixtures

The section continues to show growth with improving our overall presence with package fixtures. A total of 30 new placements were recorded during this period, bringing section total to 2,227 accounts with at least one fixture.

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(Cont'd)

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Again, the tremendous growth with overhead fixtures highlighted our overall success. A total of 70 new overheads were placed, surpassing our 1986 objectives. The section continue to experience a back log of work orders, approximately 20-25 days. A special section project has been developed to alleviate this problem. (Crew Drive with R.M's and S/R's once they have cycled perspective territories). Results will be reported on future reports.

Special Marlboro Merchandising Program

Final results of this program for Section are as follows:

	Product Sold
June's Buy-in	45,000 cartons
July's Buy-in	37,755 cartons
August's Buy-in	42,592 cartons
Section 14 Total	125,347 cartons

Overall, the program did an excellent job building inventory for Marlboro in the our key resort areas. July's results were affected by the price increase in June, (retailers buying heavy from distributors). Nevertheless, the Section's achievements exceed the initial objective. Recommendation has been made to include this program each year during the resort seasons.

E.M.C. - (Electronic Message Center)

The following accounts have the Electronic Message Center on location in the section.

1.) Boardy Barn, Hampton Bay, N.Y.
2.) Summers Beach Club, Hampton Bay, N.Y.
3.) C.P.I., Hampton Bay, N.Y.

The above accounts have the EMC signs to gain greater exposure for our Eastern Long Island Summer Resort Programs. In the retail trade, EMC signs have been successfully presented to Puff & Stuff, Manhattan and Dollar Bills, Manhattan! Scheduled installation is for the first week of October.

Eastern Long Island Summer Resorts Program

Results and overall evaluation of this program will be reported in next month's report.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

V.S. Ultra Light Retail Introduction

Pre-Booking

This program proved to be a very beneficial vehicle to gain initial distribution for V.S.U.L. Retailer participation was extremely high in the higher volume accounts (300 CPW plus) with less for the ones below this volume. Overall this program reduced in-store time for our personnel during initial sell-in and guaranteed product management for distributors.

"Buy One Get One Free"

Again, this program was an excellent vehicle to gain distribution and consumer trials for the brand. The only negative aspect of this program was that "live stock" movement subsided while the 2 for 1 was being featured.

2043945228

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VI. SECTION ACTIVITIES

Retail Activities

During the August reporting period, 55 of 64 (7 vancies, 2 STD's) available territories were cycled at 90% or better. Call rate continues to be on target for section objectives with an 11.9 true and 12.0 maxi rate.

Other retail involvement includes: Virginia Slims Ultra Lights Introduction, pre-book for B&H Lights Box and the inception of our Space Trek motivational program.

Thus far, it appears evident that our Sales Force is demonstrating additional enthusiasm with our new brand introductions which are well suited for our market area.

Management Activities

Division Managers' primary function during this period were to insure that our Sales Rep presentation skills are developed to optimize effectiveness. In addition, they are presently evaluating with each Rep, potential for our Space Trek System and actively recruiting for vacant assignments.

Area Manager activities include: Presentations for our B&H Lights Box at chain and distributor level, following up to Inventory Maintenance Program to insure that each account is maximizing potential profits; making presentations to all chain accounts on behalf of our merchandising and P.O.S. items to maximize our in-store presence.

Special Projects

Store Sales - Cash/Carry Outlets

In our attempts to capitalize on the tremendous cash/carry business, store sales were conducted at Jetro cash/carry and H. Mellman for V.S. Ultra Lights. Results from the two locations were not as good as we anticipated in terms of product movement. However, from an educational standpoint, it was very successful. Results from the program are as follows:

1. Approximately 150 to 175 cartons of V.S. Ultra Lights were sold.

2. Product sold was predominately to contingency accounts, giving P.M. distribution in lower priority accounts.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

3. Tremendous quantity of our various P.O.S. materials were distributed to these customers. In addition, work orders for wall unit package fixtures and overheads were gained for higher volume accounts.

The most significant gain from this test was a better understanding of the type business conducted in cash'carry outlets. Specifically, 1. 95% of the people visiting our workers, not owners, with no authority to purchase. 2. Mailers and flyers are primary methods of promoting a particular product. Thus, decisions are made by owner prior to account visit. Based on these findings, it apprears clear that this program would be very successful if we could utilize this avenue to announce our promotion. Considering the large number of cash/carry accounts in the section, we would like to further test store sales based on findings from this program.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VII. SALES SERVICES

Planning Desk Work Station

MPA Bennie Darden continues to experiment with the various capabilities of the SMART System. Thus far, the DPP and Customer Trak functions have proved to be very beneficial. However, the problem with Space Command has caused limited use due to the lack of full understanding. The Instruction Booklet provided is not clear or easily understood in terms of what Space Command can do. More specifically, the racksim and rackset function capabilities are both problems. Nevertheless, the system has been very beneficial in providing data for account presentations. MPA Bennied Darden is in the process of receiving input data forms for each account in the Area Manager and SAM work-load. These input forms will be maintained in the office files to expedite running of materials when a particular Manager is scheduled to make a presentation.

Office Administration

Over the last several months, the work-load of the office Administrative Assistants has increased considerably. MPA Bennie Darden is currently re-evaluating the various job functions with the overall objective to equalize responsibilities. It is apparent that this task will be very difficult due to current work-loads. We realize that no additional budget has been allocated for additional office staff, however, one additional permanent full-time or permanent part-time would alleviate this situation. In the meantime, we will be utilizing temporary help for approximately 7 to 10 days due to heavy vacation schedules.

Merchandising Contracts - Yellow Copy of Drafts

Our investigation of this area reveals major problems with yellow copies of drafts not being in the files. Prior to our investigation, Sales Reps directly submitted yellow copies to the Section Office; no system of monitoring by D.M.'s. Since it was discovered that hundreds of drafts were missing, a new procedure for yellow copies was implemented in the section. Now, Sales Reps are to submit copies to D.M.'s who, in turn, to the Section Office. D.M.'s are to log copies to insure the correct number of drafts issued are represented by the same number in the files. Since this is an important financial responsibility, the Division Manager has to control it. MPA Bennie Darden has contacted Bill Dorr, New York Office, to determine what course of action can be taken to rectify missing yellow draft receipts.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VIII. SALES DEVELOPMENT

Skill Development Program

The revised S.D.P. form is currently unavailable from our Carlstadt warehouse. Since limited quantity was sent the Section Office, this situation has delayed D.M.'s in completing scheduled S.D.P.'s.

Space Trek Meeting Presentation Materials

The materials received for this meeting were very professional and easily presented. However, the timeliness of materials arriving in the office presented some problems. It is very difficult to not only prepare but present materials when you receive them on the morning you are presenting them. We realize the urgency of getting the information to the field, however, our overall professionalism in presenting the materials is in jeopardy when this occurs.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

IX. MEDIA

Nothing new to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

X. MEETINGS/ASSOCIATIONS/CONVENTIONS

Space Trek Meeting

A Section Meeting was conducted on 8/28/87 at the L.I. Marriott to reivew details of this program. Overall, the materials were easily understood, contributing to a successful meeting. This latest Sales Force motivational program received great response and excitement from all Section Personnel. The challenge of gaining additional rows (closing the row gap) plus reducing Marlboro O.O.S. are realistic challenges however obtainable. The major recommendations from Sales Reps was to change that the 50% requirement for all rows be Marlboro. It is a majority opinion that 40% objective would be more realistic.

Outside Sampling Agency - Phoenix Marketing Agency

SSS Joe Copeland and D.M. Reggie Quintyne attended an instruction meeting on 9/17/87 conducted by Phoenix Marketing to review program details. Overall, the meeting was very successful in terms of the quality of training provided to samplers by the agency.

New State Tobacco & Candy Convention

On 9/17, I attended this convention and found it to be extremely beneficial in getting to know the principals of our major accounts on a more personal basis. I was quite pleased with the response from several accounts as to the professionalism of our sales team.

Supervisor Meeting

Met with Supervisors to discuss the following topics:

1. P/A's with emphasis on MBO.
2. Section objectives for the remainder of 1987.
3. Reporting.
4. Logistics of our new brand introduction for the remainder of 1987.

Area Manager Meeting

Met with Area Managers to review our Players 2 for 1 Program and B&H Lights Box Introduction. Also reviewed with them our Inventory Maintenance Program and developed visuals for presentations to their wholesale accounts.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

XI. MISCELLANEOUS COMMENTS

B&H Command Performance Concert

On 9/17, personnel in the section participated in the Yellow Jacket/Larry Carlton Jazz Concert. Our participation involved placing P.O.S., sampling and distributing tour books. Overall, the concert was very successful in terms of attendance. However, customer participation did not exist. Recommendations for future programs include hospitality suite plus invitations to extend to our customers.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

I. MARKETING CONDITIONS

NEW PM BRANDS

Cambridge Full Flavor

Since my last report, Pathmark has accepted the two new, plus four original packings of Cambridge. Quick Chek has not approved the brand at headquarters; however, they have added line numbers to their order books and some of their stores are stocking the brand to satisfy customer requests. A & P has also approved both Full Flavor packings.

Overall, we are still showing approximately a 50% distribution. We had expected to raise this total to 65%, however, this hasn't happened. A positive note is that with the inclusion of the introductory shipments of these two packings, the Cambridge family is now up 26.5% for the year (up from a -5.3%). We also have, through July, a 26% share of the value business throughout the Section. This is an increase of 10.2% and directly attributable to the intro of these two new packings.

If we hope to expand our distribution on these packings as well as the other Cambridge packings, we are going to need a prolonged promotion period that includes gratis, POS support, special carton and pack promotions, plus extensive supplies of coupons.

Virginia Slims Ultra Lights

During August we pre-booked 17,227 cartons of product into approximately 13% of our retail universe. Chain acceptance has been slow but follow-up appointments in September have been meeting with brand acceptance. Reports from the field concerning the retail sell-in have been very positive. While we have no printouts to support it, each Division is claiming little problems in achieving their 80% initial distribution objective.

We are having a problem with our V.S. 2 for 1 40-unit displays. Seven of our ten Divisions have not received their displays. This has slowed our usage of 2 for 1's and caused a back up at the wholesalers. We've instructed our DM's to use any display to utilize the 2 for 1 product. We can not afford a back-up of stock at the wholesalers with second shipments of 2 for 1 V.S. product expected, plus the 2 for 1 promotion on Players now scheduled for October.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

We've gained 100% acceptance from our direct wholesalers, and our Reps are pre-booking the product at retail. Chain presentations have been secondary to the Cambridge and V. S. Ultra follow-up presentations.

PHILIP MORRIS and INDUSTRY SALES

Combined industry sales in our trading areas is off 2.45% through July 1987. Our sales for this period are up 2.16% (taken from the "Cigarette Ind. S.O.M. Report") and 2.2% YTD (Sales Analysis Report) through August 1987.
Significantly, our sales in July represented 85% of an average month as opposed to RJR's which only represented 58% of an average month. Our inventories for the most part after the price increase have been placed in balance.

PM's share of sales in our southern NJ submarket is holding their own, however, as a Section, we are losing some units due to activities by two chains in southern NJ, who are headquartered and receive product from outside our geography; Wawa's are opening more and more stores in our trading area and ACME with their fixturing and our contract impacting on out-of-stocks is selling more PM product than in the past.

One concern I do have is Doral's impact in the southern NJ trading area. It is growing and our growth rate is slowing down!

STATE TAX and REGULATORY DEVELOPMENTS

Nothing New to Report

2043945238

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN BRANDS

American Brands is introducing Malibu. They began their retail sell-in on September 14, 1987. The brand has three packings of 100's: Regular, Menthol, and Regular Lights. All cartons shipped to the trade have a factory affixed $3.00 coupons attached to the carton, although Malibu is being priced as a full margin brand. As for their activities leading up to the Malibu Intro, they were promoting Pall Mall Filter Kings and 100's with Buy One Get One Free merchandise and $2.00 off coupons. These have had an affect on sales, but not a lasting one.

BROWN and WILLIAMSON

Is continuing their Capri introduction with Buy One Get One Free promotions and 2 carton plastic counter displays that offer a $2.00 payment. POS placements are heavy throughout the Section. Distribution appears to be very high, and consumer trial, especially among young smokers, has been frequently witnessed. It is too soon to tell if this is a short term fad or if Capri is actually a success.

LIGGETT & MYERS

In NY and the northern half of NJ they continue to promote L & M Deluxe Flavor Lts with 25 carton floor displays with $1.50 off coupons. We haven't witnessed much in the way of product movement. In southern NJ they are introducing their Rainbow Generics with a 4 ctn set/sell. The packs are priced at 95¢ (as opposed to a standard $1.30 pack price) and 50¢ off stickers are being attached. It is too early to tell if they are selling, but at 45¢/pack we expect some movement, especially in southern NJ where price value and generics are selling.

LORILLARD

Still seeing the Buy Two with Lighter promotion throughout the Section on behalf of True.

2043945239

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

RJR/NABISCO

RJR/Nabisco began September by advising their direct customers of a pending quarterly load plan scheduled for the month. Coinciding with this load-in, their Reps were pre-booking orders on all brands offering retailers 20¢ off/ctn on all Winston and Salem and 15¢/ctn on the rest of their brands. The heavier emphasis on Winston and Salem is necessary to support their $2.00 off carton coupons on these brands.

Their current retail promotions include Buy One Get One Free promotions on all packings of Salem with special emphasis on their introduction of "Salem Lts 100's Custom Case" and a Buy Two Get A Giant or Jet NFL Foam Mug Insulator. They are also continuing to place heavy emphasis on overheads. They are upgrading their own placements with their new height adjustable units and working to replace our units. The going rate for a PM removal continues to range from between $100.00 and $250.00.

Please note: We've been advised that on January 1, 1988, RJR/Nabisco will have the duties of their sales force expanded to include the sales and handling of Planters Peanuts and Lifesavers. Additional part-time help (Avg Hrs/Wk 20-30) will be hired to handle the additional merchandising chores. These part-timers will receive benefits, but not a company vehicle.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

III. TRADE CLASSES

WHOLESALE DISTRIBUTORS

Our sales in direct jobbers are up 1.7% YTD with most jobbers showing an increase in the sale of PM products. Many of the jobbers followed up and honored our V.S. and Marlboro pre-book orders. Those who have not are being contacted by our AM's to review how we can improve their follow-up. It is our intention to insure every pre-book written by a Rep is honored by the wholesalers.

Note: The transfer of Title of M. Bernstein and Sons to Newark Tobacco was accomplished September 1, 1987 (NYO is advised). The management of M. Bernstien will stay on board through 1987, and for the immediate future the businesses, although under one ownership, shall remain separate.

WHOLESALE GROCERS

Both Twin County and Wakefern have accepted the V.S. Ultra Lts and have the B & H Lts Box pending. Twin County which has a 3 cs minimum sales per week to remain in inventory rule has discontinued Cambridge Lts, Players 25's, and Marlboro 25's. When Cambridge Full Flavor sales show good movement, we will re-present the Cambridge Lt packings.

SUPERMARKETS

Primarily working on upgrading PM inventory space by upgrading our Plan A contracts and carton and package fixturing. We are also presenting our Electronic Message Center to each chain and select high volume independents in the trade class.

Status on major accounts:

A & P - Decision on converting Metro Group to either System 2000 on RJR 7 shelf flex rack is still pending. We have a follow-up appointment on September 29, 1987 to review our System 2000 fixtures. Value centers have not been headquarter approved, but we are seeking to convert any value centers that exist in their calls to PM fixturing.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Grand Union - We signed a new 84 row contract on their new RJR flex racks, and continue to negotiate for the placement of our low profile spinners to merchandise their packs. (Note: RJR has run into numerous delays attributable to scheduling and equipment problems in converting G.U.'s carton fixtures.)

Pathmark - SAM Fran Munoz has in one short month partnered very well with their new Merchandising Director Marty Goldberg. They appreciate our efforts and the quality of our fixturing, but improved night lock-ups and electronic security devices are their primary concern.

Superfresh - Unlike A & P, has approved our replacing any competitive value displays with either PM 4-wide or 7-wide fixtures.

CONVENIENCE STORES

7-Eleven - Northern Division

This Division is not involved with or promoting Famous Value Brands. They claim most of their districts are primarily franchise stores and consequently there is little if any interest in promoting generics. Based on this Divisions non-participation, we have not followed up on the FVB-7 Eleven program. Staying on 7-Eleven for one moment, we now have overheads in 110 of the 236 locations in the Section for a penetration of 47%.

CONVENIENCE GAS

Hess Mart - We've placed System 2000 fixtures in two of their renovated stores, plus a 4 wide in one and a 7 wide in the other store.

Getty Oil - We've contacted a regional marketing manager who is requesting a customized banner for 12 stores. This, while a small number, could be an opportunity to penetrate their 300 independent stations. Our NYO has provided us with a banner which was used for another chain. We are bringing it to Getty to see if they have their own plastic logo that we can paste onto this banner. I recommend we develop a general banner for gas convenience stores that can accommodate pricing changes and it should have enough space to accept a chains identifying logo.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

DRUG STORES

Drug Fair - We are participating in their annual trade show on October 9, 1987. We will set up a 4ft maxi overhead, plus various configurations of our counter displays. It is our expectation to convince them to utilize our overheads in their stores.

LIQUOR STORES

Nothing New to Report

MASS MERCHANDISERS

Nothing New to Report

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

IV. SSM KEY ACCOUNT CONTACTS

On September 1, 1987 I joined SAM Fran Munoz and FVB-Region Mgr P. Apicella in a presentation to Pathmark's new Senior Management Team. Our purpose was to meet V.P. Paul Stanton and new Director of Merchandising Marty Goldberg. The meeting included an industry review and discussions of PM fixturing, pilferage, security systems, and PM's commitment to help Pathmark grow their business.

On September 9, 1987 we again visited Pathmark to answer special questions concerning cigarette sales in several of Pathmark's districts. We also re-presented our Cambridge family, offered value centers, and briefly discussed our manufacturing their generic brand.

On September 16, 1987 I contacted Sales Manager Harold Weber of Metropolitan Tobacco at his request to review our follow-up with Getty Oil. As it happened, our AM Bowen had already contacted Getty's Regional Sales Manager and reviewed our outdoor POS with him. Harold was asking for more cooperation by PM in satisfying Getty's advertising needs.

On September 17, 1987 AM Bowen and SSS Cuomo re-visisted Getty headquarters acknowledged Mr. Weber's follow-up on their behalf and they are working on the possibility of providing Getty with banners for their stations.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

V. MERCHANDISING

CARTON MERCHANDISING

Plan A

Each of our Rep's is spending September updating their Plan A data (especially the Marlboro Survey) to insure accurate printout feedback on this plan. All Division and Account Managers (SAM's & AM's) have their row gap printouts, and they are reviewing their accounts to upgrade our space requirements wherever it is necessary. Smaller fixtures and accounts with Value Centers are their first targets.

Overall, our Plan A penetration in independent accounts is 87.9% (down -1.1%). In accounts doing over 500 ctns per week, we have a 94% (down -0.4%). Our total Plan A penetration for self-service calls is 90.3% (down -0.8%; 996 of 1103 as opposed to last month's 999 of 1097). These fluctuations are due primarily to an evaluation of marginal Plan A accounts. Our row averages and Plan A volume coverage is as follows:

> We have 77.3 rows (37% of all Plan A rows) overall, and an 84.8 row average in accounts doing over 500 cartons per week;
> We cover 92.6% of all the self service volume with our Plan A contracts. All these numbers are slightly down, but again with our minimum row requirements under the new revision to Plan A of 7/1/87, this is to be expected as we terminate marginal smaller volume, small fixtured accounts.

Plan A-1

Marlboro Sports Gear A-1

As of September 1, 1987, our Section placed 521 of the 666 displays allocated for a usage of 78%. The size of this promotion (boxes and volume) creates some problems, but overall, this is a well received promo. The new payment flexibility also has added to our ability to utilize this type of a promotion. We expect that throughout September, we will utilize much of our remaining displays.

Plan AV

We have 292 under contract with many of these being viewed with an eye towards incorporating them into our Plan A contract. All AV's were visited in September with this intention as they were previously notified that the agreements as they stood were to be terminated as of August 31, 1987 and new payment arrangements had to be agreed upon and resigned.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

PACK/COUNTER MERCHANDISING

Plan B/M's, R's and AOM's

Our penetration in all accounts for B/M's is 32.7% (2855 of 8725 calls), however, when the 169 Plan R locations are included our pack merchandising penetration is 34.7 (up +0.2%). As of 9/1/87, we have 1877 AOM's on location. Most of these exclusively display our Marlboro 25's; as this is the only way we can preserve distribution and generate some sales.

BV's

In August, we uped our locations by 101 raising our total to 1692 accounts with BV displays, a penetration of 19.4%. During August, we had 1000 displays shipped to our POS depots. Many of these will be used to replace make shift or removed displays; however, the new supply obviously had an impact on our signing new contracts. Improving this display, as previously requested by adding more trays, would be a benefit to us at this time.

B & H Inner City Program

During August, we placed 255 Two for One displays raising our total to 593. Reports indicate that we've used all our 2 for 1 product. We also placed 69 Two with Lighter displays. We haven't used our full allocation of these incentive items. B & H sales appear to be just slightly off going into the new line extension, which would indicate that the recent package changes and this promotion have had some effect.

Cambridge Two for One Promotions

As a Section, we placed 2563 displays in 2000 locations. These have had an impact on sales, but we were not able to use this promotion to significantly improve our distribution figures.

Vending

Nothing New to Report

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

PHILIP MORRIS FIXTURING

Carton Fixtures

As of September 1, 1987, we have 331 fixtures on location which is an increase of four over our previous month's totals, and our penetration with PM fixturing in Plan A accounts is up to 33.2% (331 of 996). In the total self service universe of accounts doing over 300 ctns/wk our penetration is exactly 30%. A satisfying factor concerning these numbers is that 180 (54.4%) are on endcaps where we command excellent visibility. Please note, we can use our new night lock up security feature and improved security shields as soon as possible. We can also use an electronic security device in certain instances to offset our competitions efforts to discredit our racks.

Overheads

We now have 1268 locations with 1319 units installed in the field. This is a reduction of 3 locations over the past month. RJR is still going after our overheads, but, wherever possible, we have spent our time upgrading our older overheads and this has reduced RJR's opportunities to remove our units. They themselves are upgrading their old equipment and this is having an impact on our opportunities to expand our penetration. We now have an account penetration of 14.5%.

Second Generation Package Fixturing

We have a total of 215 accounts with PM Second Generation package fixturing, plus an additional 86 stores with spinners (a somewhat lower figure than reported by our field mgrs) for a total of 301 locations. This is lower than previously reported because I am no longer including old packmasters and pack racks in our totals. As these become damaged, we will be attempting to replace them with our newer equipment.

Permanent P.O.S.

Overall, our penetration is as follows:

Chains - 1630 of 2353 locations for a 69% penetration
Ind's - 5643 of 6372 locations for a 89% penetration
Total - 7273 of 8725 locations for a 83% penetration
Note: 4180 locations have PM decals for a 47% penetration.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Electronic Message Centers

We have our first unit installed in south central NJ in Fresh Farms Supermarkets. We currently have at least a dozen small chains or independent markets very interested in this unit. SSS Guilford is arranging with Greg Walsh of our NYO to visit our Section office to teach our AM's and SSS's how the control unit works.

Semi-Permanent P.O.S.

Nothing New To Report

Temporary P.O.S.

Nothing New To Report

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VI. SECTION ACTIVITIES

RETAIL ACTIVITIES

Retail coverage during August was down the street in 7 of our 10 Divisions (01 through 06 plus 08). These Divisions were involved in the B & H Inner City program, were busy following up on our Summer Resort program obligations, and experienced seven of our eight vacancies. Overall, with the exception of three occupied territories (two of which being manned by new Reps), over 90% of the calls were made in the 40 occupied assignments. In Divisions 07, 09, & 10 (our northern NJ and NY assignments), cycling was our primary coverage goal and 16 of the 17 assignments cycled with the remaining one territory falling just short at over 90%.

As a Section, aside from the accomplishments noted in the Merchandising portion of this report, we averaged 10.6 calls per day, 11.1 maxi rate; made 9011 calls; placed 3937 set/sells; used 6121 pieces of temp. POS; distributed 5366 sample packs (5.3day); issued 4886 intercept coupons (4.8/day/Rep); attempted 956 switch-sells (.9/day/Rep); placed 18,177 on carton coupons, and 389 permanent POS items. Additionally, they sold 120,470 cartons with a total of 2947 instances of sales made buy either cash, jobber or book orders.

During September, all the Divisions are working down the street coverage in order to maximize our individual call contacts on behalf of the Virginia Slims introduction. Our goal is to gain an 80% initial introduction distribution and an overall 90% distribution by year's end.

Retail Merchandisers

During August, our RM's helped relocate two of our POS depots. They made 270 call contacts, delivered materials for the A-1's, set 12 carton fixtures, and made 47 package fixture installations.

We are completing the interview process on applicant Oscar Menendez and will be assigning him to our 02 Division once he is hired. We are also adding a second Retail Merchandising Assistant to the 15-08-15 and 15-04-15 assignments to assist with our extra merchandising needs.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Area Managers

Our AM's have been following up on our intro-offers, plus visiting their wholesalers to pay for our Two for One product. (Would it be possible to have this merchandise's tax obligation be handled all at once instead of having to make multiple checks and visits for receipts and product delivery verifications? This would save hours of paperwork.) They are also focusing on our Plan A contracts, making EMC follow-up presentations, insuring proper account follow-up on our Inventory Maintenance program, and advising their direct participating wholesalers of our Players 2 for 1 promotions.

Division Managers

They continue to work towards filling our existing vacancies. Aside from this, they are working on organizing the larger warehousing facilities we've been in the process of renting. They are also working with and auditing each Rep to insure proper follow-up on our latest Plan A revision.

Supervisors

They are following up with both AM's and DM's to insure the proper implementation of our Plan A contract. They are also reviewing our warehousing use, assisting with the recruiting of applicants, and getting involved with our merchandising presentations and audits to insure proper follow through.

Senior Account Managers

They are presenting our fixturing and new brands to each of their major accounts.

SPECIAL ACTIVITIES

Marlboro 10¢ Off per Carton Offer

During August, we completed our utilization of this special Region program by attaching Marlboro to our V.S. Ultra pre-booking. Our purpose was to balance September Marlboro Inventories, which are historically light on Marlboro, plus add weight to the volume ordered by each account so as to insure that the wholesalers would make the follow-up deliveries. In all, we placed orders for 58,505 ctns of assorted Marlboro packings.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Latin Summer Festival - Elizabeth, NJ

On September 5-7, 1987 our Section participated in this event which claims to entertain some 300,000 people over the Labor Day weekend. In all, we decorated the street festival sight, manned a sample booth and a sweepstakes booth, and distributed the following items:

120 cases of sample cigarettes (60,000 packs)
864 Marlboro Lighters
936 Marlboro T-Shirts
1200 Marlboro Baseball hats
1200 Marlboro Sunvisors

Overall we used 16 Reps from two Sections and three Managers, plus Philip Morris sponsored a band to add to the festival.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VII. SALES SERVICES

Systems

We are still not getting all our reports to the 15-79 and 15-24 assignments since our Section redeployment. Supervisor Jablonsky and AM Hershon continue to follow-up with NY personnel of which Maria Grasso and Monica Larsen are very cooperative; however, somehow or other, the computer is not directing reports to the proper assignments.

Fleet

Nothing New to Report

Office Administration

Nothing New to Report

Field Warehouses

We moved our 01 facilities as well as the facilities shared by our 15-04-15 and 15-05-15 RM's. During September, we will be consolidating our two warehouses 15-03's plus 15-03-15's into one new large facility. Additionally, we are negotiating for new warehousing facilities for our 02 and 04 Divisions.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VIII. SALES DEVELOPMENTS

Nothing New to Report

IX. MEDIA DEVELOPMENT

On October 1, 1987 Traci Buckley of ACT MEDIA will be presenting details of the B & H Lts Box In-Store sampling coupon program to our Section Mgnt's personnel.

X. ASSOCIATIONS/CONVENTIONS/TRADE SHOWS

We've made final arrangements for our participation in the New Jersey Tobacco Distributors Association convention and the Metropolitan Tobacco Trade Show, as well as the Drug Fair Trade Show mentioned in the Trade Class portion of this report. These are all scheduled to take place in October.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

XI. MISCELLANEOUS COMMENTS

Last month I commented on our cooperation in demonstrating our sales activities to International Guests. I would just like to include a list of just how extensive this involvement has been. The following is a brief outline of day-in-field visits over approximately the past month and a half:

Date	PM Personnel	Visitors
8/5/87	AM	(1) PM Intl Visitor
8/6/87	AM	(1) PM Intl Visitor
8/11/87	6 S/Rs	10 PM Intl Visitors (Assigned various locations)
8/21/87	3 S/Rs	6 PM Intl Visitors
9/1/87	AM	(1) PM Intl Visitors
9/2/87	SAM	(1) PM Intl Visitors
9/11/87	3 S/Rs	9 PM Intl Visitors
9/16/87	DM	PM USA Sales
9/22/87	DM	PM USA Sales

This list does not include four photo shoots that were arranged and completed during this same period. As you can see, this number of demonstrations does have an impact on our normal business activities.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

REGION 2

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

I MARKETING CONDITIONS

PHILIP MORRIS BRANDS

CAMBRIDGE (FULL FLAVOR) - Rite Aid accepted Cambridge Full Flavor on September 2nd. Three major chains continue to remain holdouts, Handy Convenience Markets (69 stores), Acme Markets (293 stores) and WaWa Convenience Stores (377 stores). Follow ups will be made to all above accounts (Acme October 27th appointment and WaWa October 13th appointment).

17.6% of our total Cambridge sales volume was produced by Cambridge Full Flavor year-to-date and for the month of August it produced 16.6% of the total Cambridge sales.

VIRGINIA SLIMS ULTRA LIGHTS - only one major chain refusal, WaWa Convenience store (377 stores).

Because of the Virginia Slims Ultra Lights units sales, the total family's volume is up 2.6%. Without Ultra Lights unit volume to Virginia Slims family, volume would be down -0.7%.

B & H LIGHTS BOX - WaWa refused to carry the product. Weis Markets, Acme Markets and Wetterau (Temple, Pa.) still pending.

Retail pre-booking approximately 40% of all independents have accepted the brand already.

PHILIP MORRIS SALES - Players 25's continued to be our worst sales volume performance, year-to-date the four Lights packings are down 29.7%. Handy Markets (69 stores) discontinued both king packings. Players 100's are still authorized. Our 2 for 1 promotional program and buy one get one free (F.S.I.) hopefully will help turn the tides.

Our overall year-to-date volume is up 2.9%. Marlboro, Merit, Virginia Slims and Cambridge families contributed to this increase in unit volume.

II COMPETITIVE ACTIVITIES

AMERICAN - Malibu introduction to begin in selected states - Conn., Del., Ma., Mass., N.J., N.Y., Pa., R.I. and Vt. on September 14, 1987. There are 3 packings - Regular 100's, Lights 100's and menthol 100's. Each carton has manufacturer's coupons already attached at factory for $3.00 off.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

New Field Position - District Sales Rep. The position is comparable to B&W's High Volume Supermarket Rep.

BROWN & WILLIAMSON - Capri B1G1F free promotion initiated many trails from women smokers. However, repeat business is still very slow. Consumers have stated the taste was fair, but the cigarette is too thin and they burn down too fast.

Wholesalers receiving .50¢ per carton to assemble B1G1F free Capri offers.

Richland - B1G1F on all packings in large quantity (average 200-300 units per store) in the Johnstown marketing area.

LIGGETT - Generics - on-carton price reduction $2.00 off on-pack price reduction .25¢ off. Price reduction paid by Sales Rep.

"Rainbow" full flavor and Lights (8 packings) private label brand made for Fleming Foods.

LORILLARD - The Sunday Philadelphia Inquirer had a .50¢ off coupon for a pack purchase with a mail-in offer for (3) three $2.00 off coupons for True.

Newport 25's has a 2 pack with lighter to regain distribution.

Two brands rumored to be introduced at retail "Harley-Davidson" full flavor and "Stripes Slims". No details are known at this time.

R. J. REYNOLDS - Salem - offering a 2 for 1 display on Salem K.S. and 100's and Salem Lts. K.S. and 100's in October.

Salem 100's Custom Case - sales moderate - no really big retail promotion as yet.

Smokeless Cigarettes - RJR is developing a smokeless cigarette that produces little smoke, no ash, no odor, or no tar. Will test in limited geographical areas at various price levels. It could go national by 1988.

RJR 3rd Qtr. load-in. The direct accounts can buy a 2 week order 9/14 and again 9/21. If the account maximizes (orders every brand packing offered) they receive $6.00/case plus a bonus of $2.40/case, if they don't maximize they get $6.00/case.

GENERICS - nothing to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

III TRADE CLASSES

TOBACCO DISTRIBUTORS

Effective 9/11/87, M. Brenner & Sons, Harrisburg, have bought out J. C. Hauer & Sons. All cigarettes at Hauers will be transported to Brenners in Harrisburg. The tobacco facility in Lebanon will be closed.

WHOLESALE GROCERS

Nothing to report.

SUPERMARKETS

Laneco - has authorized Marlboro grocery baskets for all 28 stores.

Clemens - electronic message center should be installed sometime in late October.

CONVENIENCE/GAS

Nothing to report.

MASS MERCHANDISERS

GeeBee Department Stores - signed new Plan A, gained 160 rows (18 stores).

DRUG

C. R. Pharmacy - silk screening difficulties have delayed the special overhead carton merchandiser.

VENDING

Nothing to report.

IV KEY ACCOUNT CONTACTS

WaWa CONVENIENCE - Virginia Slims Ultra Lights and B&H Lights Box rejected. Value Brand category review made. A follow-up P.I.P. presentation will be made to Director of Marketing and Purchasing Schorder on October 13th.

WEIS MARKETS - Virginia Slims Ultra Lights authorized to be purchased thru local distributors.

Current product mix is very poor. We will make a P.I.P. presentation to improve mix and customer satisfaction.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

ACME MARKETS - Virginia Slims Ultra Lights accepted. Follow-up presentation for Cambridge scheduled for October 27th.

RITE AID - Cambridge Full Flavor and Virginia Slims Ultra Lights accepted.

MILLER & HARTMAN - Virginia Slims Ultra Lights accepted.

V MERCHANDISING PROGRAMS

PLAN A

Resigned 6 chains (57 stores) and 126 independents. 6 new signs have also been made. 3,096 additional rows were gained for an average of 16.9 rows per store.

PLAN AM

15 independents have been signed for a total of 240 rows.

PLAN AL

Resigned 45 independents and 1 new sign. A total of 618 additional rows were gained for an average of 13.7 rows.

* To date a total of 3954 new rows have been gained by signing Plan A, AL or AM.

99% of all qualified independents are signed to Plan A (5 accounts not signed).

93.8% of all qualified independents are signed to Plan AL (11 accounts not signed).

100% of all qualified chains are under contract and 95% of all qualified stores are under contract.

PLAN AV

nothing new to report.

PLAN A-1

100% of the allocated displays (388) have been placed.

PERMANENT COUNTER DISPLAYS

PLAN BM

43.3 of our total B displays are maxi-units, which is a 3.8% increase over last month. 42.9% of our B's are in prime

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

locations on the selling counter. 49.0 of our displays have add-ons, this represents an increase of 1.1% over last month.

Our 1987 objectives are to have 33% of our total Plan B locations displaying maxi units, 50% in prime locations and 45% with add-ons.

PLAN R

Three independents signed this period. One chain (184 stores,Acme) and 32 independents are under contract.

VENDING PROGRAM

	ACCOUNTS		NEW PLACEMENTS	
	MONTH	YTD	MONTH	YTD
RIDE-WITHS	0	1	-	27
RDA's	1	4	29	599
MCVCC	0	4	30	40
CONVERTOOL	0	5	-	100

NEW PLACEMENTS Y-T-D..... 766

PHILIP MORRIS FIXTURES

CARTON FIXTURES - Acme program, currently there are 193 Acme Markets using our carton fixtures. 6 additional fixtures were installed. Carton fixtures on location in Section 21's workload are 252. This is an increase of 64 fixtures on location or a 33.7% increase for 1987. Another objective reached!

PACKAGE FIXTURES - Acme stores have 182 PM pack fixtures currently installed. 3 fixtures placed this month.

19.5% of all accounts are displaying a Philip Morris package fixture. Our objective is 20% for 1987.

CONSUMER INTERCEPT PROGRAM - 95% of the allocation consumer intercept coupons for August were used, for an average of 9.3 per day per Sales Rep.

VI SECTION ACTIVITIES

ACCOUNT COVERAGE

41 of our 52 sales territories cycled 90% plus. The section averaged 11.3 calls per day (maximum call rate 12.2). 5 new sales reps, 2 vacancies, 4 STD's and 1 Sales Rep did not cycle due to death in the family.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

RETAIL ACTIVITIES

Plan A, AL & AM activities were reported under Merchandising Programs.

Virginia Slims retail sell-in has been quite successful. Our distribution is at approximately 75%.

The pre-booking of B&H Lights Box was successful. We only pre-booked this brand in high volume independent accounts in order to save time for Sales Reps to do other activities, such as selling our new Plan A's and re-merchandising carton fixtures.

MANAGEMENT ACTIVITIES

Area Managers and Senior Account Managers efforts were directed toward the sell-in of Virginia Slims Ultra Lights, B&H Lights Box and also resigning Plan A's.

Presently sell-in our 3rd Qtr. Inventory Maintenance Program.

SPECIAL ASSIGNMENT REP

Ed Silcox is presently working vacant assignments 21-01-02, 21-01-08, 21-02-04 & 21-04-03, all four S/R's on STD.

SPECIAL PROGRAMS

Two "Bar Nights" for the Marlboro Race were completed September 11, 1987 by DM Andy Cousin and SHA Dave Saffron in Allentown, and the other by DM Steve Peck and SRO Wilbur Kirkland. Both were very well attended - 1,000 and 600 people respectively and both functions were extremely successful.

Marlboro Simulcast at the Philadelphia Race Track was sampled by 3 S/R's. Function very successful.

B&H Jazz Tour of Larry Carlton and the Yellow Jackets at the Academy of Music in Philadelphia was sampled by 4 Sales Reps.

Marlboro Sampling Program completed. This program was again quite successful. Recommend that future program is reduced to 25 hours.

POS MATERIALS

85.9% of all accounts have at least one piece of permanent POS.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VII SALES SERVICES

INFORMATION SYSTEMS - nothing to report.

CARLSTADT SHIPMENTS - nothing to report.

OFFICE ADMINISTRATION - nothing to report.

NEW YORK AUDIT - nothing to report.

FLEET ADMINISTRATION - nothing to report.

VIII SALES DEVELOPMENT

Nothing to report.

IX MEDIA

Excellent visibility for the introduction of the Virginia Slims Ultra Lights. Billboard ads are colorful and eye catching.

X OTHER

August 24 - prepared for Section Space Trak and B&H Lights Box meeting with SSS Castelgrande and SRO Kirkland.

August 27 & 28 - conducted B&H Lights Box and Section Space Trak Meeting.

September 17 & 18 - attended P.A.T.C.D. Convention.

September 19 & 20 - worked with Marlboro Auto Sports in Nazareth, Pa.

XI MISCELLANEOUS COMMENTS

Nothing to report.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

MONTHLY OPERATIONS REPORT

U.S.A. FIELD SALES

I. MARKETING CONDITIONS

Cambridge Full Flavor

As expected, distribution has remained low at 30%. The introductory 2 for 1 and coupon programs proved effective, but not effective enough to induce widespread acceptance of the brand. High volume carton outlets account for much of the distribution and sales of our generic brands. Coupon programs have effectively aided in gaining brand acceptance and generating increased sales in these outlets. In many low/medium volume outlets, coupons are not as readily accepted which in part has hindered both distribution and sales. Sixty-nine percent (69%) of total workload stores are predominately pack outlets and our coupon program in its current form is not geared toward these outlets. Distribution lacks the most in pack outlets. Thus, consideration should be given to instituting an on-going merchandising program to help increase distribution and sales in pack outlets. A pack and carton price reduction program such as 25¢ off and 50¢ off respectively featured quarterly is one idea for consideration. The need for such a program becomes more apparent when considering competitive intensity of the price/value category.

Virginia Slims Ultra Lights

Response to this brand has been outstanding from all levels. To date, 95% of all direct and non-direct accounts have accepted the brand with most direct accounts purchasing their full allocation. This response in large part is attributed to the 3%+ S.O.M. we currently enjoy with our other Virginia Slims packings.

The retail introduction is progressing very well. Feedback from the Sales Force indicates that brand acceptance is high and we anticipate gaining initial distribution of 90%+ and 100% usage of 2 for 1 allocations

We should be out of 2 for 1's before the second shipment arrives, with the exception being the inner-city territories due to the product mix. An attempt was made to change the mix to include more menthol then regular, however it was to no avail. This is a common occurrence with 2 for 1 programs, and allocations should be adjusted to better meet the needs of inner-city territories.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

With the popularity of the Virginia Slims brand and the very favorable response to new Virginia Slims Ultra Lights, we are optimistic of a possible 3.7 brand family share this time next year.

Benson & Hedges Lights Box

Early results indicate we are not getting the same support and acceptance on this brand as we have with Virginia Slims Ultra Lights. All major direct wholesalers have accepted, but only a small number of chains have accepted to date.

Philip Morris Sales

Y-T-D figures reveal a plus 4.8% with the Marlboro Family at +6.7%, Merit +3.6% and Virginia Slims +4.5%. Benson & Hedges is down 1% Y-T-D.

August's increase of 1.4% was aided by Benson & Hedges at +2.2%. The good month was highlighted by the inner city program (2 for 1) and directly contributed to the sales gain.

II. COMPETITIVE ACTIVITY

American Tobacco Company

* Featured special deal on new Pall Mall Filter that offered $4.00 cash on 2-Kings and 2-100's purchased from distributor. Payment is made upon verification of order by Rep. Details of program were communicated via direct mail flyer to retail outlets. Other introductory offers on Pall Mall Filters consist of B1G1F in a 20 unit display with a $2.00 payment and $2.00 on-carton coupon in 20 carton floor bin with 20¢ carton allowance ($4.00).

* Continuing efforts on behalf of Malibu with $3.00 off carton and 30¢ off pack promotions. Sales appear to be moderate, but are beginning to taper off.

* Soliciting placements of new dark grey plastic carton fixture in accounts selling 300+ cpw with good success. The fixture is five shelves high, 3-4 cartons wide and used exclusively for reduced price brands. American brands must occupy minimum of top 3 shelves.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Payments are as follows:

500+ cpw	$9.00/shelf
400-499 cpw	$7.00/shelf
300-399 cpw	$5.00/shelf

maximum payment of $45.00

* Lucky Lights B1G1F featured in 20 unit display with $2.00 payment. Sales very slow.

Brown & Williamson

* Primary emphasis on Capri introduction at retail. Sales Force is gaining good distribution of this brand. Currently featuring B1G1F in 20/40 unit displays with $2.00/$3.00 payments respectively. Select distributors are being paid $3.00 per case allowance for assembly of Capri 2 for 1's. Also utilizing two carton clear plastic set/sell with $1.50 payment. Capri is also being supported by Sales Force and part-time sampling programs. Sample 20's are being distributed in large quantities from both levels. Initial sales of Capri have been good, but repeat business is slow.

* $1.00 on-carton coupon featured on Falcon. Also featuring this brand in clear plastic temporary counter display with $1.50 payment. The plastic design of this display has lent well to the longevity of placements. Overall sales are slow despite this activity.

Liggett & Myers

* Featuring $1.00 off sticker on five pack purchase of Chesterfield, L&M, and Lark in 10 unit display. Also, 25¢ off pack stickers on L&M only in 20 pack display. Retailer is reimbursed for price reduction at time of display placements. Neither of these promotions are selling well.

* $2.00 on-carton couponing continues on all full margin brands and $1.00 on-carton couponing on generics. Free lighter with two pack purchase and B2G1F also featured on generic brands. 20 unit displays being utilized for these promotions with $1.00 payment. The above activities have had little effect on sales.

Lorillard

* Overall distribution and sales of Newport Stripes Slim

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

100's in the Delaware test market is excellent. B1G1F in 40 unit display with $2.00 payment, free lighter with two pack purchase in 20 unit with $2.00 payment, and $2.00 on-carton coupon are currently being featured on this brand. Penetration of these promotions are good. Distributors in the Delaware marketing area received 19" Toshiba color televisions for participating in the Newport Stripes test.

* Free lighter with two pack purchase featured on True in 20 unit display with $2.00 payment. True package re-design has caused confusion among its customers. Sales are slightly off as a result according to some retailers.

* $2.00 on-carton coupon and B1G1F being featured on Newport family. Newport Kings selling well while sales of other packings are only moderate from these promotions.

R.J. Reynolds
==========

* Will be releasing Austin in all K-Mart stores on September 27th. K-Mart will now carry only Austin and Doral as generics and will be merchandised on the new RJR generic only.

* Soliciting orders for new Salem Lights 100's Custom Case. Direct account introductory period runs from 8/28/87-9/25/87. Direct customers can earn as much as $88.00 allowance per case.

* Free Redskins or Eagles insulated can/bottle holder and free football schedule with two pack purchase featured on Winston Regular/Lights. Also included is $1.00 off carton coupon on any style of Winston. Utilizing 20/40 unit dump bins and 10 unit counter display. Response and sales have been very good.

* Pre-booking Winston, Salem and Doral. Unlike past load-in programs, supposedly a carton allowance will not be in effect. Pre-booking activity is intended to insure sufficient quantities for coupon programs. The program has been targeted primarily at high volume outlets.

* $2.00 on-carton couponing continues on Winston/Salem and $1.00 on-carton coupon or 50¢ off carton sticker on Doral. Number of Doral cartons being couponed has been drastically reduced.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Generics
========

* All generics in the Western part of the Section feature $1.00 off coupons. Category growth continues with some retail accounts approaching 15% of total sales.

* G.P.C. now in 7-11 with virtually no movement.

* Wherever Falcon and Rainbow can be located, they are not selling.

III. TRADE CLASSES

Wholesale Distributors/Grocers
==========

DPP model for Safeway was developed to be used by Bruce Campbell, Director of Marketing for Capital Cigar & Tobacco Company. On his visit to our office, Bruce provided the necessary data needed to generate a viable DPP model. Bruce will follow-up by providing necessary information on Safeway stores in four additional tax jurisdictions. He was impressed with the DPP analysis and subsequent to completing additional DPP models on Safeway, he would like to work on Dart Drug.

Out-of-stock problems with Safeway chain once again discussed with Capital management. President Dennis Lowry wants continuous feedback on this subject and has given us permission to contact Product Coordinator Judy Robinson with any and all out-of-stock problems. We, in turn, will utilize ICR Section Survey to quantify the out-of-stock situations.

Greenway Distributors continues to be aggressive in broadening their business. They have now penetrated the New Jersey market by gaining a high volume nine store chain called Shop & Bag as a new customer. This is very welcomed business considering the loss of Capital-Jefferson to Section 24.

Distributors' complaints about the increasing of new brands is on the rise. Their main concerns center around warehousing space limitations and tying up monies for additional inventory stock.

Supermarkets
==========

Safeway is testing a pilfer-proof carton merchandiser utilizing four large candy type vending machines to dispense cartons. Customer pays for carton at checkout and is given a

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

"credit card" to activate the machine and select desired brand. There is no visible advertising, capacity in the machine is 850 cartons and is being tested in three stores.

Gained acceptance of Marlboro Shopping Baskets in Safeway. Units will be customized with Safeway's logo and placed in 196 stores. Order was placed with Mike Phiel in the New York Office the week of 8/24/87.

The RJR Seven (7) shelf carton fixture with pilfer-proof device tested in selected Giant Food stores has been accepted chain wide. Area Manager Charlie Braun was successful in gaining acceptance of proposal for 23 additional rows increasing Philip Morris total rows from 61 to 84. This will include 8 rows for Cambridge which previously was not on the fixture.

Convenience Stores

As previously reported, it was rumored that 7-11 was attempting to buy High's of Baltimore. Bill Darnell Jr., buyer for High's of Baltimore informed us that there is no validity to this rumor.

The closing of the High's of Baltimore Dairy Processing plant has put them in a healthier financial situation. This will help expedite their growth in the Baltimore Metro market, i.e. new store locations and modernization of existing stores.

High's of Washington, now owned by Southland Corporation, has put a moratorium on new store locations and renovations of existing stores due to the need of capital for the buy-out of Southland shares.

7-Eleven has accepted the FVB program. Mort Flax has made this program mandatory for all corporate stores in the Capitol Division. This includes: placement of BV displays, an automatic distribution of 24 cartons per store, and temporary POS items. Also, Mort reported that he has heard rumors that High's (Laurel), which is currently a division of Southland, may be incorporated under the supervision of the 7-Eleven Capitol Division.

Drugs

Many stores are merchandising an increased variety of products from clothing to food products, and becoming more like mass merchandiser outlets. Cigarettes play an integral role in the product line-up, thus a number of them are highly promotable.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Sales continue to spiral especially on generics which has necessitated moving to larger cigarette departments. We have been successful in placing System 2000 fixtures in 2 larger outlets and continue seeking other opportunities.

Rite Aid is removing our M-3 displays from the acquired Drug Fair chain. Some confusion exists in cigarette ordering as Capital continues service as the shift to the Rite Aid warehouse progresses. In the interim, low inventory levels are noticed.

Mass Merchandisers
==========

K-Mart discontinuing all generics except Doral and will be introducing their new generic - Austin. This brand being manufactured by RJR. Local distributors are very upset over the change since they were supplying GPC and making much more per carton than they will with Austin.

Gas Stations
==========

Computerized invoicing still requested by Mobil Oil. An interesting note - this account utilized the services of a consultant, Jack Sparagowski, to understand shrinkage and ways to minimize it. He is employed by American Associates. Rick Bucciarelli has made contact to gain further information.

Returned Goods Salvage Program
==========

We salvaged 23% of all returned cartons. As in the recent past, small gains are being made in reversing the trend.

IV. KEY ACCOUNT CONTACTS

F.A. Davis - Attended their annual Trade Show for the purpose of determining Philip Morris participation next year. Various suppliers were very impressed by the large turnout of retailers and expressed satisfaction with the show. Two competitors (RJR and B&W) manned booths to display various merchandising pieces and conduct sampling activities. Section 22 will be in attendance next year.

Mars Supermarkets - Called on Mark D'Anna to sell-in Virginia Slims Ultra Lights and the shopping baskets. Brand accepted and promotions will run over the last 4 months of 1987. Shopping baskets put on hold.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

High's (Southland) - Contacted Steve Marks for Virginia Slims Ultra Lights introduction. Brand accepted with forced distribution of 5 regular and 5 menthol on 8/31/87 and again on 9/28/87. Two for 1 and lighter promotion to be executed September/October. Account will continue utilizing the services of Capital Cigar & Tobacco for cigarettes but switching to SDC from Creasey for grocery items.

Capital Cigar & Tobacco - Met with D. Lowry and his staff to introduce new Senior Account Manager, Rick Bucciarelli and to discuss retail out-of-stocks and business development activities. Concerning out-of-stocks, a system was developed whereby our sales force can phone Capital anytime to report O.O.S. in any Safeway to correct the problem immediately. Also, we are using the survey section of the ICR to better gauge stocking conditions at Safeway.

Safeway - Met new buyer, M.L. Webb and introduced Rick Bucciarelli as the SAM. Virginia Slims Ultra Lights was presented and accepted. Shopping baskets also presented and ultimately accepted. A total of 7,056 baskets in 196 stores will be placed in early November.

V. MERCHANDISING PROGRAMS

Carton Merchandising Programs

Plan A

Contract re-signing continues to progress. We have experienced some difficulty resigning ALF contracts to new AL contracts due to limited space on existing carton fixtures. Sales Force will analyze accounts for alternative plans especially AM concept. Penetration of potential A's remains at 98% while share of fixtures increased by 1 point to 34%.

The 50% Marlboro space requirement under the Space Trek program is becoming increasingly difficult to achieve. Several retailers have gotten very upset when resetting fixtures to meet this requirement due to cut backs in number of rows on other popular full margin brands. Consideration should be given to reduce this to 40%-45%.

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Plan AG & AV

All current AG/AV contracts will be terminated by 9/30/87, and many included in Plan A. Some Plan A accounts currently at row ceiling (160) with AG/AV signed will lose contract

Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

monies if AG/AV rows are incorporated in Plan A. In these cases we will exercise option of signing separate AV contract. This may result in a negative row gap in some instances, but in each case it will be "what we need to do business."

Plan A-1

The Marlboro Sports Bag promotion was very well received by retailers. Quality of the incentive was superior to that of past Marlboro Sports Gear promotions. This was pointed out by retailers and consumers alike. Sales from this promotion were no less than excellent. The 30 carton display proved most popular due to limited or congested floor space in many participating accounts. Display allocation did not meet our needs due to the popularity and "down the street" selling of this program. Stronger consideration should be given to development of generic A-1 bins with brand oriented headers to avert repeat shortages of displays.

Compact/Impact

Conversion to either Plan A or AL is in effect. Feedback indicates that we will retain most of these accounts under the revised Plan A.

Counter Display Programs

Plan B/Maxi's

Prime locations continue to escalate and are up by 2.5% and represent 41% of the total locations. Audits have revealed the quality of these results with improvements noted in gaining primary or secondary counter locations. Penetration remained relatively unchanged at 31% with maxi's accounting for 46% of the total B/M's.

Plans BV/BG

Increased placements of BG's continues to be hindered by the number of B/M add-ons. Only 18 new local placements gained this period. BV penetration continues to grow with Reps encountering minimal difficulty in gaining acceptance. Total BV's are +21 over last period.

Plan R

Qualified fixtures on location remain at 45 (+6 Y-T-D) and have shown minimal growth since the beginning of the year.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Special Merchandising Programs

Cambridge Full Flavor 2 for 1 - Overall response and acceptance of this promotion was good. The implementation of the second phase of this promotion adversely affected time and territory management. The banding of 2 for 1's by Sales Force Personnel proved to be costly and very time consuming. It would have been more cost effective if 2 for 1's were assembled at the factory especially considering the man hours spent performing this task by Field Sales Personnel.

Benson & Hedges Package Change - The transition of the new Benson & Hedges package has been exceptionally smooth. This is primarily attributed to the brand's S.O.M., proper stock rotation at both wholesale and retail levels, and lead time prior to distribution which allowed the Sales Force to educate retailers on package change.

As a result, use of Benson & Hedges Carton with Radio display and on-cartons were limited. We will use these incentives during retail introduction of Benson & Hedges Lights Box to help gain distribution and stimulate sales.

PHILIP MORRIS Fixtures

Overheads

RJR continues to mount attacks on removing our overheads with success. Total placements are 992 (+7) versus last period.

Carton Fixtures

Total accounts with at least one fixture is 243 (+5). Progress is being made in securing new placements of System 2000. Three new account installations were made this period with more to come. In some places we will utilize the 7th shelf concept.

VI. SECTION ACTIVITIES

Account Coverage

Quality of in-store mission continues as it is stressed up and down the line. Priority calls are made on schedule. Also, extra motivation is supplied by Space Trek as Sales Reps resign Plan A's concentrating on acquiring the increasing space "to do business."

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Special Programs

B&H Inner-City Program

The 2 for 1 and 2-pack with lighter promotions were well received and contributed significantly to the overall success of the program. All modes of advertising were attractive, distinct and effectively enhanced the program. Retailers were very enthusiastic, receptive and would like to see this type program more than once a year. The Benson & Hedges Sampling Program aided in broadening consumer trial and enhanced our consumer mission and was a major factor in the +2.2% gain for the month.

Marlboro Sampling Program

This program was very successful in all respects. Samplers did a very effective job of covering all major high traffic consumer locations throughout designated markets. As a result, sample distribution was excellent and usage of total sample allocation exceeded projected rate of 90%.

Virginia Slims Ultra Light Sampling Program

All scheduled materials and samples arrived in a timely fashion for the commencement of this program. Our allocated samplers have all been hired, trained and are actively conducting sampling activity as prescribed.

Marlboro Resort Bar Night

The bar night was held at Grafitti's Night Club, Ocean City, Maryland on August 22nd. Division 01 personnel insured that all aspects of this function were properly coordinated which resulted in a very organized and effective promotional event. Grafitti's management and staff were very helpful and appreciative of the increased business generated from the program. Patrons were also appreciative and participative.

Management Activities

P.O.S. Items

Temporary

Virginia Slims Ultra Light print advertising is outstanding

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

and it has established consumer awareness. Early in the introduction ads prompted a few consumers to call the Section Office to find out where the brand could be purchased. We have received nothing but compliments on this Virginia Slims Ultra Light ad campaign.

Permanent

Electronic Message Board presentations have been made to Safeway, Super Fresh, Jumbo Foods and Mars Supermarkets. All four accounts showed very little interest and rejected placement.

Material Production

Overproduced

Item	Percent
None	

Underproduced

Item	Percent
A-1 Displays	40%

VII. SALES SERVICES

P.O.S. Facilities

Recommendations to further reduce down-time of personnel working out of USCO facility have been made to John Woods. Recommendation included relocating the entrance to our warehouse space for better accessibility and permitting use of back door near rear parking lot to reduce time awaiting truck unloading. Mr. Woods had agreed to these recommendations with a cost involved of $900.00 to relocate entrance.

VIII. SALES DEVELOPMENT

DM's are working closely with Reps on planning/organization to assist them in effective implementation of the numerous

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

programs/activities. DM's have also begun to use the revised Skill Development Program forms and feedback has been positive.

IX. MEDIA

Aislevision in designated outlets currently featuring Cambridge as scheduled.

X. ASSOCIATIONS/CONVENTIONS/MEETINGS

August 16-21, 1987 - Attended Senior Account Manager seminar in Philadelphia, Pennsylvania.

August 27-28, 1987 - Preparation and attendance at Section P.P.P. meeting.

XI. MISCELLANEOUS

Benson & Hedges Command Performance was held September 12th in Washington, D.C. and it was very successful. We utilized 8 of our personnel to pass out samples. This enabled us to make an immediate impact on 2,000 attendees.

The show and performers were great with the show being sold out. The audience, however, was 90% Caucasian. If we are looking for a black/white crossover, I think it would best be achieved with Black performers.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

I. P.M. BRANDS

TEST

BLUES - All details of the promotions and special events scheduled to begin in October have been worked out with Tom Garguilo, and also, a representative of PS Productions. This program is completely outlined in a memo to Greg Chapman from Tom. Since this program is scheduled to begin on October 5th, it is crucial that all details and reporting instructions be communicated promptly from the NYO.

The August movement of 96 cases is a reflection of the additional lighter and sunglasses displays. Movement on the second run of these promotions is reported as slow at this point.

Newport, Salem and Kool are all featuring a 2/1 promotion during September. All S/R's received 53 cases (6M) of Salem, 17 cases (6M) of Newport and 6 cases (6M) of Kools. These promotions are being targeted in the downtown and inner-city areas.

Don McMillan reports that the special 2/1 on Blues at EMRO will have to be implemented by buying the packs at retail and banding them together. We will coordinate all aspects for implementation during October.

At the request of the Cleveland Minority Business Development Center, we supplied 30 cartons for their Annual Banquet to be attended by 300 people on October 9th.

FULL MARGIN

Virginia Slims UL - We have gained high levels of distribution and program participation among all accounts. At the Lawsons/Dairy Mart Trade Show, an additional 36 cases of product was pre-booked with individual Store Managers by SAM Gest and AM Lagana. This product is in addition to the 2+2 chain-wide forced distribution. As usual, the 2/1 displays have sold through within 1-2 days in all accounts.

B&H Lts. Box - At the independent level, pre-booking has been well below normal results since the produce is a box version of an existing packing in a market that is still dominated heavily by soft packings. At chain level the product has been turned down by Giant Eagle (70) and Dairy Mart (675) for that reason. At Revco (2000) acceptance is pending and does not appear favorable. The same is true for Thrift Drug (350). Other major accounts are either pending (favorable) or have already accepted. At the distributor level, we have gained 100% distribution, to date. We anticipate selling all allocated product.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

B&H Pack Change - All packings are being rotated in. We have utilized both the incentives and the on-carton coupons where needed to insure a sell-through of the old label. The radios have not proven to be a viable incentive item based on the movement noted. We have received positive comments from both retailers and consumers concerning the change.

PRICE VALUE

Cambridge - Our in-house couponing program in the Cleveland/Akron and Toledo market areas is producing excellent results. 48,000 coupons were utilized in-house and at the retail level during August and through week 3 of September we have placed 29,400. We have communicated with Maria Grasso to add the SAM territory numbers to the usage screen due to the in-house activities by PTM's in the large accounts. During July, Cambridge was the #11 brand in the Section, and YTD it is currently ranked #18. We currently have 14.7% of the total price/value business in the Section. RJR continues to dominate with 39.8% while B&W has 30%. Consistent on-carton coupon availability will be the determining factor in gaining our share of the category. We are exploring methods to facilitate in-house couponing in both the Pittsburgh and Erie areas.

Players Lights 25's - We continue to lose distribution on this brand family due to movement. Even our in-house couponing efforts are failing to stabilize the declines. The upcoming 2/1 and couponing program will generate new trial and, hopefully, reverse the negative trends we are experiencing.

II. COMPETITIVE ACTIVITY

BRAND

- Magna has been increased to a full margin product in the Akron and Pittsburgh test areas. To date, the product is still being merchandised and priced at the generic level. Also, outdoor advertising has not, as yet, been changed over. No one I have talked to in the trade can understand this move. The only reasonable explanation is that their commitment to the Price Value category has been overshadowed by profit margins. This would also explain their 50¢ off coupon strategy on Doral.

- Doral in-house couponing is only done sporadically now. In the past they had a regular weekly schedule for this activity in all applicable accounts. This has given us a strong competitive advantage, which we are capitalizing on.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

- Malibu 100's will enter the Pittsburgh market on October 2nd at retail. The program is the same as has been implemented in the Cleveland area.

- Capri is set for intro at the direct level in October with retail to begin in November.

- Austin's (RJR) agreement with K-Mart has caused all Cambridge product to be returned to distributors. We have received numerous negative comments from the Distributors affected concerning this situation. These comments are directed at RJR.

- Falcon on-carton coupons with a 50¢ value have been noted at retail. I feel that we should maintain the competitive advantage with $1.00 coupons to gain our share of the category.

- RJR continues to "flood the market" with $2.00 off coupons on full margin products.

MERCHANDISING

- RJR - in conjunction with their new OHPM they will now pay up to $300 for a ceiling mount installation. Currently, we will match it if it is in our best interest.

- B&H - Rows for Falcon are being bought on any and all fixtures. At Giant Eagle they have agreed to rows on the store-owned "value time" fixture. This flexibility to pay on other fixtures, where necessary, would help us in several accounts.

- RJR electronic security carton racks are set for placement in 3 Rego Stores. They will deduct $400 from their next invoice as payment, which is holding up the implementation. We will lose a carton rack in Loblaws due to this new test rack.

MAJOR CUSTOMERS

Nothing to report.

MANPOWER

- RJR has once again increased coverage in all accounts that have a PM carton fixture. Their standard tactics are being utilized to include back payment money as a bonus.

- ATC is in the process of redeploying and reports have them adding S/Rs in order to reduce workloads. We have not been able to learn how many.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

- Rumors continue concerning the merging of the RJR and Lifesaver sales force. Eight Lifesaver Region Managers will become part of the tobacco operation effective October 1, 1987.

III. TRADE CLASSES

DISTRIBUTORS/WHOLESALE GROCERS

- Positive feedback concerning our IMP has been received. Virtually all accounts will participate to some extent.

- We have now begun to receive comments concerning the proposed federal excise tax increase. Right now this and the potential IRS increase in high volume distributors is upper most on their minds.

SUPERMARKETS

- Rinis will take over their first Fazio store during October. It is our understanding that all stores will be converted over the next 6-9 months.

CONVENIENCE/GAS

- Chuck Kovach from Standard Oil will visit our office on October 2nd for a presentation, and also, to gain insight into the systems that we have available. This is yet another step in our partnering efforts with the account.

DRUG

- Rumors that Lane Drug will close its' Toledo buying office and make all decisions in Alexandria are intensifying. Already they have shifted the responsibility for co-op advertising there.

IV. KEY ACCOUNT CONTACTS

Thrift Drug - Following our B&H Lts. presentation to Buyer, Connie Francesconi, we met with Merchandising Manager, Bob Dyer. I was able to gain some valuable insight into their operation that we will be able to utilize in future presentations. Our M4 is pending with a decision expected in January. In addition, our OHPM is also pending. The industry was reviewed and Bob expressed an interest in DPP and other tools that we have. I will follow-up with SAM Stan Gest with a complete presentation in late October. As a result of this contact, we learned of their National Sales Meeting and arranged to donate incentive items for all Managers and 4 putters for their outing prizes (one for each of the 4 Regional Meetings). This was the first time that

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

PM had ever participated with items for their meeting. Stan Gest coordinated the delivery of all items.

Lipsitz - Met with President Herman Lipsitz as a "transition" for SAM Stan Getz. During our meeting I was able to learn that Lipsitz would be willing to run a separate Cambridge inventory for carton type outlets, which would allow us to do in-house couponing. Stan will follow-up to work out all details.

OK Grocery - Met with Lexine Dent for the presentation of B&H Lts. Box, which will go to committee. We were able to learn that they want to satisfy 95% of their customers with only 130 packings when 156 are needed. Our follow-up will include a complete presentation of recommended brands/slots to meet their objective. This will occur in October.

Lawson's/Dairy Mart - Participated in their annual trade show and was able to discuss PM with several key people from their headquarters. They have been invited to a PM function at the NACS Convention.

OATCD CONVENTION - At this distributor convention, I was able to entertain numerous accounts and discuss our programs and answer their questions. Many expressed concerns over excise taxes and other financial issues. They now readily accept proliferation of brands to be normal and healthy for the industry.

V. MERCHANDISING PROGRAMS

CARTON

Plan A - The Space Trek incentive program was enthusiastically received by all members of my organization. The materials provided were well thought out and left very few unanswered questions. The major concerns expressed were the 50% rule for Marlboro packings and whether or not it was realistic in all cases at the various volume breaks. All other aspects of the program were perceived as fair and the individual store basis feature was especially welcomed.

To date, at the independent level, we have gained an average of 11.6 rows on each of the 207 accounts re-signed. At chain level, the status reverts to the proverbial pending with the exception of Standard Oil where we re-signed for the 51 row minimum due to space constraints. This gained us a total of 430 rows in 86 stores. We are continuing to follow-up at all levels.

AV - The indefinite extension of the old AV was welcomed since it will help us while negotiating for the new Plan A. All rows will be rolled into the total Plan A when re-signing is completed.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

AM - Rejections have been reported due to the payment versus the amount of inventory required. We continue to follow-up with all accounts on our hit list.

A-1 - The system problem that rejected the A-2 bonus payment for the 240 carton Sports Gear Promotion has been corrected. This promotion sold through quickly and was well received.

PACK

Plan B/M - nothing to report.

FIXTURES

Carton - Due to competitive pressure to replace our CMS II fixtures in Loblaws, we will convert the 5 stores to System 2000. No other accomplishments to report this period.

PACK - Nothing to report.

VI. SECTION ACTIVITIES

All levels of the operation are busy selling/implementing the aggressive promotion schedule and working hard to gain carton fixture space with the new Plan A. We have been able to maintain coverage in nearly all territories with a reduced call rate while accomplishing our mission. We are now preparing for the overlapping program schedule in October in the Blues test area. As a result, some programs will have to be pushed back a week. I will forward our projected schedule as soon as it is finalized.

POS - We have now reached 88% penetration in all outlets, which leaves us only 167 outlets left to reach our objective of 90% by year-end. We have had much success with chains using the personalization feature on many of our items.

VII. SALES SERVICES

POS - Timeliness in receiving materials was improved and our people are gaining more confidence in the system.

SYSTEMS - We have not been unable to utilize the upgrade feature on the Planning Desk. MPA Joe Gainard has taken the initiative to enroll in classes to improve his computer knowledge. He has had very few problems in operating all functions of the available systems.

VII. SALES DEVELOPMENT

B&H Command Performance - The Pittsburgh Concert went well and we were able to entertain a limited amount of customers due to the nature of the Concert. We were surprised that the audience was mainly white, middle to upper-middle class.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Consequently, the mix of samples provided was wrong due to the menthol quantities. The Cleveland Concert is set for October 1st and all major accounts interested in jazz have been invited.

Blues Barge Party - We are in the process of inviting major accounts in the Cleveland market to this event that will kick off the Bar Night activities. This activity will begin on October 9th.

IX. MEDIA

Nothing to report.

X. OTHER

Section Meeting - 9-1-87 (B&H Lts. Box and SPACE Trek)
Lawsons Trade Show - 9-16-87
OATCD - 9-17 thru 9-20-87.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

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I. PM BRANDS

Test - Brand awareness continues to increase due to promotions and the recent outside agency sampling program. Enhanced advertising has also contributed to increased brand awareness.

Marlboro Lights Menthol 100's count/recount has been completed, with an average of 7 cases per direct account moved to retail. The sales force is trading old Marlboro Menthol packings sent into the Test Market by Capitol. This product is being sent to returned goods jobbers as per NYO request.

Retail distribution for chain and independent calls is at approximately 96% for all three packings. Re-orders for the latest entry, Marlboro Lights 100's, averaging 5 cartons per week in volume accounts. Pack sales represent a little over 3 cartons of those 5 ordered. Overall, Marlboro Menthol Lights 100's sales are at a little over 10% higher than the 85's.

Force shipments were initiated the week of 9-7-87 for the the $3 off coupon display; 100% utilization is expected. All 2 for 1 displays have been utilized, the consumer response was excellent, with product selling through quickly and repeat purchases.

Sales Representatives are working with all store personnel to insure adequate inventory levels and all carton and package fixtures have been labeled with 100's labels. We still need reformulated and Lights Kings labels, but are improvising to insure space on fixtures for these packings as well.

Full Flavor - Virginia Slims Ultra Lights sell-in is now complete, with acceptance at direct accounts of 96% and at chain accounts at 98%. Pre-booking was very successful with an average of 20 cartons per call. We were able to gain authorization to force ship 10 to 20 cartons in account in our Test Market as well.

The initial retail coverage is now complete, with 90% distribution gained to date. Product sell-in of 20 cartons per store in chain accounts, on initial distribution, and a follow-up order of an additional 20 cartons. Independent sales are approximately 10 cartons per store, with additional product to be sold in for display participation.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

The 2 for 1 promotion was very successful, with a sell-out in most areas in 2 to 3 days. We are still placing some displays for 100% utilization.

Benson and Hedges Box sell-in is approximately 85% complete to date, in both chain and direct accounts. Headquarter account acceptance is difficult due to low Box sales in our area, but weare able to gain distribution doe to the B&H name. However, Camilia Foods has refused the brand. We will continue to re-present on future visits. Independent pre-booking is running at 75% to date.

Because of the number of brands and programs we are working right now, we are finding this sell-in to be going slower than other brand introductions.

The new packings are arriving at retail accounts and Sales Representatives are rotating stock to insure sell-through of the older packings. We are averaging 8 to 10 stores per territory, with at least 30 cartons of inventory and the balance of the accounts have 5 cartons or less.

Marlboro Lights sales have increased by 10 to 15% in college areas as students return from summer vacations. This increase is noted in both the Soft and Box packings. It is recommended that a special 2-pack promotion be run this time of year, especially in college town, to increase sales even more.

The Marlboro Sports Bag Promotion was very successful, with excellent response from retailers and consumers alike. Placement of all displays is now complete. Placement at accounts without A-1 contracts, allowing payment by S/R's without a draft, was very beneficial.

The Marlboro Summer Sampling Program was completed, with program objective of expanded brand awareness achieved. All paperwork for samplers was completed and submitted to personnel.

Price Value - Cambridge Full Flavor continues to have strong customer appeal, which is enhancing product movement. Good product movement has further enhanced the Cambridge family, giving us a better working situation towards gaining additional space. Placement of AV fixtures continues to improve.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Due to the unavailability of Cambridge coupons, we are transferring coupons througout the Section to insure adequate coverage by all Reps and our direct account warehouses.

At retail the use of 2 for 1's, coupons, and special 25¢ offer has strengthened the position of the entire Cambridge family. In addition, increased BV and AV penetration is supporting the brand family.

Players Lights 25's is becoming a target brand at the wholesale and chain level as a slow seller and has the possibility of being dropped by accounts with the introduction of so many new packings. Our sales continue to drop, but this is true of all 25's packings in our area.

II. COMPETITIVE ACTIVITY

American Tobacco - Local divisions have just completed a redeployment in our area and changes were made in territory boundaries and coverage patterns. They now have a Special Assignment Rep that works only vacant territories, territories where the rep is on vacation or placing special promotions.

Pall Mall Red Filter 85's and 100's continues to be promoted, with a $2 off carton coupon and a 2 for 1 pack promotion to be placed this month. Consumer trial to date is slow, but as usual, the 2 for 1 product is moving.

Malibu retail activities remain strong, along with heavy media coverage. After the initial trials, sales are slow. They continue to have the $3 off carton coupons which are attached at the wholesale level. There is also a 30¢ off a pack coupon featured as well. The couponed packs are being featured in their permanent counter displays.

Brown & Williamson - All Sales Reps continue to work very hard on the introduction of Capri. All personnel are very excited about this brand. Distribution is very good, with fair sales and mixed reviews from consumers. When asked, some consumers state they would not purchase again. The 2 for 1 displays are still being worked at retail and it is reported that reps are offering 10% gratis during the sell-in.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Kool displays are being placed, featuring a $2 off coupon with 30 carton displays and a $5 payment per display. In addition, they are placing 2 for 1 displays featuring Kool Mild, Richlands and Barclays, with a $6 payment.

It is reported that B & W has offered Old Dominion Tobacco (as a test) their new Electronic Fund Transfer Program, which would be strictly for their convenience and no discount terms involved. When asked, they said they would save on postage only. Old Dominion declined.

Liggett and Myers - L&M Lights 30 pack is being featured on a floor display, with a 20 unit display and a payment of $28. There is no special incentive or couponing included with this display. Permanent part-time people are being used to gain additional visibility for the brand.

it is reported that they are currently working a 20¢ per carton rebate to retail accounts, through their respective wholesalers. The program is reported to be called "Rainbow". No further details are available.

Another rumor indicates that a new shelf payment contract, with improved payment is in the works. Will investigate further.

Lorillard - Reps are placing semi-permanent floor displays featuring all brands. The reps are making a $6 weekly payment to retailers, ongoing, to maintain the display.

There is a special $2 off a carton (all brands) promotion, with a payment of $6 per week. This is in conjunction with the display mentioned above. Their reps are also using their on-carton coupons to switch well. They have local discretion to place special incentive displays, such as free lighter with one pack purchase or two pack purchase.

Newport Lights and Lights 100's are being featured in a 40 unit 2 for 1, with a payment of $1.50. This promotion is to combat our introduction of Marlboro Menthol Lights. It is mostly in the Test Market areas.

R. J. Reynolds - The price of Magna will be increased to full margin, effective 9-14. We are currently communicating with T. Saloun of the NYO on all activity

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in promoting this brand. The first retail activity for Magna at full margin price has now begun, featuring 50¢ off of a 2-pack purchase. No carton offers are being worked at this time.

They now have a monthly pre-booking program with a 15¢ off per carton to the retailer to gain additional inventory for subsequent on-carton couponing activities. The average pre-booked orders for all brands is 150-200 cartons. This is an excellent way to build additional inventories.

We are receiving mixed reports on Doral couponing. Some accounts say they are still going from $1 off coupons to 50¢ off coupons per carton and are trying to force other tobacco companies to lower their coupon prices. Other accounts say they are seeing them go back to $1 off coupons because of consumer response.

The Fall Direct Account Incentive Program is currently being worked. The first phase of the program is now in distributors. The second phase is to be shipped the same period as the PM Inventory Program. Information details have been forwarded to the NYO Office.

It is reported that S/R's are now prepacking incentive promotions on their own time and are being paid $10 per case for each 2-pack promotion. No further details were available.

In the Roanoke area, retailers have reported that RJR is offering $100 to replace our overheads with theirs. We have lost 3 overheads in one territory alone.

The day after were place our new test fixture (1X5X1) in the Safeway Store here in Richmond, the RJR people went in and took several pictures.

A report from their field personnel indicates that upper management is in a meeting regarding a January 88 re-deployment. It is also reported that they will be adding the sales force and products of Lifesavers to their tobacco sales force.

III. TRADE CLASSES

Distributors - Goldsmit Black, AM L. Takacs was successful in reducing the price of Cambridge to equal

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Doral. A 20¢ difference existed and had an impact on our Cambridge sales.

We have actively participated in the first distributor show held by Goldsmit Sydnor of Huntington, West Virginia. There were approximately 500 people from their accounts in attendance. Our people booked 235 cartons of Cambridge and Virginia Slims Ultra Lights, along with selling 13 pieces of Permanent POS.

Boyd Bluford has purchased Southside Candy in Petersburg and will now begin shipping cigarettes through Southside. It is possible they will sell direct purchase for Southside at a later date.

Wholesale Grocers - Detor-Edwards, previously a real problem account to work with, is now accepting all products presented. This is a very positive for PM since they have become aggressive at the retail level and are expanding into new markets.

Price Club local management in Richmond is very pleased with PM since we started moving 2 for 1 product through them and have made them a Return Goods Depot. This positive feedback to their up-the-line management should help us with this accounts' corporate office.

Supermarkets - Safeway is closing the 4 remaining Tidewater stores this month. We have heard that Farm Fresh has purchased 2 of these stores and another smaller local store chain has purchased the other 2.

Greens' Markets have developed into a major influence in the Clarksburg, W. Va. area. Now with 6 stores, and looking for additional opportunities, they will be very instrumental in helping PM growth in the area. We currently are suppling all carton and pack fixtures for existing stores and any additional stores they should add.

Tradewell Supermarkets (7stores) have become strong PM accounts. We now have a very solid Plan A, A-1 and AV. We also have Marlboro ashtrays and shopping baskets authorized. In addition, the Marlboro EMC unit was resented and received positive response. We expect approval for all 7 stores.

System 2000 series fixtures have recently been installed in Drug Emporium in Norfolk, Cape Center and

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in 3 stores in the Charleston W.Va. Division. In addition, there are another 7 fixtures on order for high volume independent accounts.

Kirks IGA will replace the current RJR fixture with a System 2000 4X5X4 and PM pack fixtures will also be placed. A 30' section of the System 2000 will be placed in Harrisville IGA, along with an end-cap package unit.

S/R G. Davis has arranged for a 500 carton promotion with Ralph's Supermarkets of Parkersburg, W. Va. Stores sales will be conducted on Thursdays, and Fridays, over a 3 week period, using CIP and Cambridge coupons. The distributor has agreed to consign the products featured, which will include Marlboro, Virginia Slims and Cambridge. Street advertising will be used to announce the promotion, using counter balance signs.

Convenience- Tinee Giant has accepted our BV for all 49 stores. In addition, we have placed 2 overhead in stores during this review period.

7-11 Stores have notified their stores via a letter to discontinue B&H Menthol Lights, and Deluxe Ultra Lights (both Regular and Menthol), as well as Cambridge Lights Menthol, all PLayers 25's and Saratoga. SAM M. Saunders will follow-up at the Division Headquarters. This move goes along with their efforts to reduce their inventory levels and overall debt. In addition, 7-11 has announced their intention to sell all stores in both the Carolinas. This is around 80 stores. They have plans to sell around 1000 stores nationwide. M. Saunders has agreed to work with Ron Madison on getting their inventory balanced by trading out slow moving product and replacing it with faster sellers such as Marlboro.

Contact with the Merchandising Manager of American Personnel Services during August has gained approval for us to be the exclusive supplier of overhead package racks for all existing stores and any new stores to open in the future.

Mass Merchandisers - Several wholesalers who supply K-Mart are considering cutting back on orders of Cambridge and FVB products, since this account will no longer carry any value product, other than RJR products.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

Drug Stores - Revco Zone Manger in Roanoke, Va. has authorized either 4 or 7 wide AV fixtures to be placed at the store manager's discretion. There are 13 potential stores for placement, however, payment must be made nationally.

Vending - Nothing to report

IV. KEY ACCOUNT CONTACTS

Nothing to report

V. MERCHANDISING PROGRAMS

Current Plan A Status

New Plan A	- 24	
Resign Plan A	- 183	
Plan AL	- 27	
Plan AV	- 62	
Plan AM	- 19	
Row Gain	- 7781	(Total All Plans)

In analyzing progress on re-signing plan A's, most areas are on target. We are monitoring progress on a weekly basis to evaluate accomplishments. In re-signing Plan A's and increasing Marlboro to 50% of total row, the average increase Marlboro family order is up by 20%. This should definitely help with our out-of-stock problems. We are, however, encountering some problems in the Virginia Market at the end of a Plan A set, in not having enough room for other packings, such as Merit which require several rows for the family. This limits rows for marginal packings, such as Players 25's.

The Marlboro Sports Bag Promotion was very successful, with all displays placed and very positive comments from the field. Payment for non-contracted accounts via the S/R's expense voucher was very popular and should be extended for future A-1 Promotions. No problems were reported in the structure or size of the display units.

Our BV displays need to be increased to accommodate all of the new packings of Cambridge, as well as display Players. Possible consideration should be given to a three tiered display, made out of a more sturdier material.

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VI. SECTION ACTIVITIES

As reported in last month's report, we are conducting stores sales on a regular basis. The results of store sales conducted by Sales Reps, to date, have been very productive. An average of 4 packs of 20's and 12 CIP coupons are being used with each sale. Product sold is 10 cartons per sale or 400 cartons sold for the Section each week. These numbers should improve as Reps gain experience.

Special activities during this report period include the following: B&H Fazz Festival, B&H Crestar Classic Golf Tournament, Virginia Exposition Trade Show, Annual Balloon Festival of Richmond, and the Goldsmit Sydnor Trade Show.

Most of these event took a lot of time to prepare and organize, as well as time to work the event. However, I felt all of the promotions were worthwhile and gave us a lot of exposure with our key accounts and the community. The only possible exception might be the B&H Jazz Festival, due to the lack of customer participation. This was possibly due in part to the timing of the festival, which coincided with the conclusion of the B&H Crestar Classic Golf Tournament.

Of all of the events, probably the most beneficial for us with our customers, would be the golf tournament. This event was very successful this year, with excellent customer participation. Coordination of all activities was handled by Peter Weber, Jim Nesbitt, Jim Porter, Terry Lynn, and myself. Customer response was excellent. All other personnel working the tournament did an excellent job.

The National Convention for President of the Jaycee's was sampled with a total of 500 sample 6's utilized.

Mr. William Murray, Vice Chairman Philip Morris Companies, and Mr. Larry Zinski, Director Field Sales, worked with S/R's K. Harkleroad and E. Revis on 9-16-87. During this field visit, calls were made in the inner-city and observance of a prototype package placement in one of our Safeway stores. Feedback was very positive.

VII. Sales Services

Nothing to report

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VIII. **SALES DEVELOPMENT**

IX. **MEDIA**

While Cambridge Full Flavor bill boards are now in place in West Virginia, it is recommended that in the future when value brands are introduced, placement of outdoor advertising be placed earlier in this area since this is such a high Generic Market by share and SDI.

X. **OTHER**

Conventions - Section personnel attended the West Virginia Wholesalers Annual Convention the end of August. In attendance were G. Choate, J. Porter, L. Takacs, and N. Lowen. Again this year, PM sponsored the golf tournament and awards. This convention continues to be beneficial in building PM rapport with our account. The gold tournament was a great success and PM was recognized for this participation on a number of occasions throughout the convention. We have recommended that we participate again next year.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

I. MARKETING CONDITIONS

CAMBRIDGE LIGHTS FULL FLAVOR - All divisions report distribution gains and overall availability is estimated in the 85% + range and will net out at least equal to distribution on the Lights regular packings. Columbus market remains as our weakest price value market and our poorest availability, but the acceptance of the brand by Kroger-Columbus has helped considerably as has new DM Eddie Welch's Program using BV's and set/sells to improve distribution. Improvement in both BV penetration and availability are noted.

CAMBRIDGE FAMILY - Heavy couponing continues, averaging 25,000 cartons per week. This effort will continue as supplies last. Sales and distribution continue to grow.

BENSON & HEDGES DULUXE LIGHTS 100'S BOX - Results of prebook, now underway, should yield results only slightly lower than the Virginia Slims entry due to weaker sales history for B&H Lights and box packings, in particular, in rural areas of this section. Still 80% distribution is anticipated. Major chains yet to commit include Big Bear, Gold Circle, Super X, Super America, and both Kroger Divisions. SAM's and AM's have planned follow up activities in all cases. Stop-N-Go has accepted both packings as of 9/23/87. Among wholesalers and distributors acceptance is good only exception to date is Super Foods which has accepted only the regular packings.

Package Change - Product has arrived at direct accounts and is appearing at retail. Rotation at all levels appears to be good.

VIRGINIA SLIMS ULTRA LIGHTS - SR's prebooked 42,000 cartons during August as distribution is estimated in the 85% range at this time. Direct account sell in through 9-15 totaled 1,144 cases or 159% of allocation. All major chains have now accepted both packings with Stop-N-Go committing last week - account was very receptive, however, buyer had not been available until this time for presentation. All direct accounts excluding vendors have accepted both packings and all carton promotions through the end of the year. Two weeks into our retail introduction SR's have place 1,174 promotional and an additional 601 set sell displays on behalf of these packings. Placement of 2 for 1 displays in EMRO-Eastern locations has been approved for April - additional quantities of promotional product and displays have been ordered - product will be shipped to stores through Bosart.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

TEST BRANDS

- PM Blues - Approval has been obtained from EMRO-Eastern for banding product at retail in 2 for 1 promotions - SR's will buy product at retail and extra displays have been shipped to SR's involved. NYO approval has been obtained through Tom Garguilo and the Brand Dept. Administrative details are being coordinated with Charlie Miller and Greg Chapman. Promotion is scheduled to begin October 12th.

SALES

- With Pm Sales up 1.1% ytd thru August, both Bosart and Coremark operations which account for 38% of section volume are down a combined 10%. Volume growth based largely on Cambridge purchases and Marlboro growth is coming from medium volume accounts.

II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN

- Re-introduction of Pall Mall Filter K's and 100's features $2 off carton coupons and 2 for 1 displays. In some cases, it is reported that coupons are affixed at the factory. During this promotion SR's reportedly are paying retailers $4 cash on the spot, if they have 2 cartons Kings and 2 100's in inventory.

- 2 for 1 features Lucky Filters.

- Added one Rep to Columbus Division without expanding geographical boundaries - in effect making all territories smaller and improving coverage.

BROWN & WILLIAMSON

- 2 for 1 promo features Richland packings in Varying quantities - supported by heavy national advertising for Richland Menthol.

- $2 off carton coupons continue to appear in dump bins featuring Kool, Viceroy, and Raleigh.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

- Pack promotions include Kool mild box 2 for 1 and 2 pack/free sunglasses promotion for Kool family.

- Kim 25's Reg and Menthol KS appearing in Cincinnati area Revco stoes - product was forced shipped.

- Falcon 4 wide/4 shelf value center pays $40 per month for this product exclusively.

LIGGETT

- Some wholesalers in Ohio are awaiting stamps for L&M 30's. To date no incentives or coupons have appeared on brand displayed in combination 80 pack/30 carton generic bins. Reported movement is slow.

LORILLARD

- In Kentucky, Lorillard will no longer pay for supplemental carton displays. As of 10-1-87 all agreements will be terminated.

- $2 off carton coupons are appearing frequently on all products.

- 2 for 1 pack display features Newport family.

- Test Brand "Harley Davidson" features black pack with Harley logo has appeared in Bosart for Indiana stores.

R.J. REYNOLDS

- 2 pack Winston promo features free NFL logo foam can cooler - local NFL team is featured heavily and inside consumer receives $1.00 off coupon on future carton purchase. In addition, UPC panels can be mailed in for a free NFL team cap.

- RJR counter proposals to PM System 2000 in Columbus area finds RJR reps advising accounts that if they commit to our system, we will never agree to pay on an RJR rack should the account decide to make a change in the future. This has had no negative effect on retailers and may serve to improve retention.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

- RJR is also presenting their new weight sensitive security device to PM carton rack accounts using an article from USA today which describes this feature. Local reps, however, do not mention that the retailer will have to pay a fee for this unit.

- Inventory maintenance program details have been previously forwarded to region and H.Q. Sales.

- RJR offering paid permanent POS option to Newport and Covington, Ky. retailers. Payments range from $10 for large gas station signs, $5 for mini, to $3.50 for decals.

- Price increase has been announced for Magna (Akron area test) from generic to full margin price resulting in its being dropped by EMRO and Bosart.

TIII. TRADE CLASSES

WHOLESALE DISTRIBUTORS

- Extremely favorable response continues to be seen toward SR prebooking effort for new brands. Many distributors are picking and choosing more carefully - often discontinuing slow movers to take on new products.

RETAIL SUPERMARKETS

- Kroger-Cinn. has accepted Virginia Slims U.L. with all supporting display promotions thru the end of 1987.

CONVENIENCE STORES

- UDF is extremely pleased with Marlboro shopping baskets now placed in all stores. In addition, UDF has approved placement of 27 additional overheads.

GAS STATIONS

- Ashland Petroleum representing 175 independent dealers has requested a 2' x 8' paper poster featuring Cambridge and/or Marlboro advertising 3 pack price. Request has been channeled through H.Q. sales.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

DRUG STORES

- Super X plan M4 test is underway. Prime position has been secured in 10 stores at main selling station. Anticipate signing agreement for all 325 stores before 12-31-87.

IV. SSM KEY ACCOUNT CONTACTS

COREMARK - Met with D.C. Cincinnati Manager, Tom Klei to discuss SR prebooking activity at retail for new brands. Tom agreed that his sales people should not arbitrarily cut back orders and committed to correcting the situation. Tom also advised of changes he has made to improve convenience of over the counter sales to SR's - eliminating wasted time which will be communicated to area reps.

SUPER AMERICA - Contacted Dave Nelson and Ron Geis on behalf of Plan A and System 2000. Account displayed some interest in PM fixtures but also professed a loyalty to RJR. Bonus payments and size of PM rack is a plus. Account will consider placing only PM and RJR products on carton racks 16 wide or less (in house share 34% each).

Follow up scheduled for week of 10/5. Chain is also responsive to presentation from FVB regarding PM manufacturer of "Yours" private label which accounts for 120 million units per year - 11% of this chain's business. Details have been communicated to Brian Schuyler.

BOSART - Contacted Jim Spezia and Jerry Carl on behalf of Virginia Slims Ultra Lights and PM Blues.

V. MERCHANDISING PROGRAMS

Carton Programs

PLAN A

29 Row Gaps were closed in independent accounts during August - 78 upgrades accounted for 1,171 additional rows. 35 stores were signed above 51 row minimum with 92 remaining.

CHAINS

Row Gaps have been addressed in upgrades signed for Clark Oil, Gallenstein Liquor, and MI-LO, Inc. A number of presentations are in development stage and/or pending with break throughs anticipated in October.

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PLAN AM

RJR Rep in Covington, Ky and Newport, Ky. area has informed accounts (6 accts. thus far) that he would terminate the RJR contract, effective Oct. 1, 1987, if our Plan AM fixture is not removed.

The ultimatum has also been given to accounts where we have placed our A-V fixture to supplement our Plan A contract. In these accounts, RJR rep said he would replace our fixture with one of theirs and give PM the same amount of rows. This is also happening in the Ohio portion of our Section.

PM FIXTURES

18 commitments gained for System 2000 during August as 25 additional PM racks were placed.

PLAN A-1

Marlboro Sports Bag Promotion has now been locked in for September 28th - delay was due to late preparation of authorization letter by buyer.

PACK/CARTON PROMOTIONS

B/M Series - 38 % penetration is maintained - 39% of accounts have add-ons + 37% are in prime position on TRACK for our 50% goal. (see Super X -Trade Class above).

Plan BV - 28% of eligible accounts are participating and penetration will grow as additional units were received at POS depots in mid-September.

Plan R - 85 % of qualified accounts are contracted currently.

Vending - Maxi credit instruction video has been obtained from Training Department and new AM's will receive special training.

PM Package Fixtures - 20% of Section 25 accounts have at least one PM fixture - 14% have overheads.

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000

VI. SECTION ACTIVITIES

PRODUCTIVITY AND ACCOMPLISHMENTS

Follow up with Cambridge F.F., retail implementation of Virginia Slims U.L. program, pre-booking of B & H Lts. Box, combined with our on going effort to improve row gap were key to Section activity this month and along with space TREK were major topics covered at our August 28th section meeting. ICR reporting accuracy remains a concern which culminated in Division meetings in mid-September to comply with request from NYO for updated information - we were able to address and correct a number of reporting discrepancies which concerned us. We look forward to a significant improvement for September call books.

CONSUMER WORK

C.I.P. usage remains on target at 6 per day while success ration still needs improvement at 1 to 1.7.

TRADE CONVENTIONS

Attended this month:
Ohio Association of Candy and Tobacco Distributors

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REGION 3

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Source: https://www.industrydocuments.ucsf.edu/docs/xmxl0000